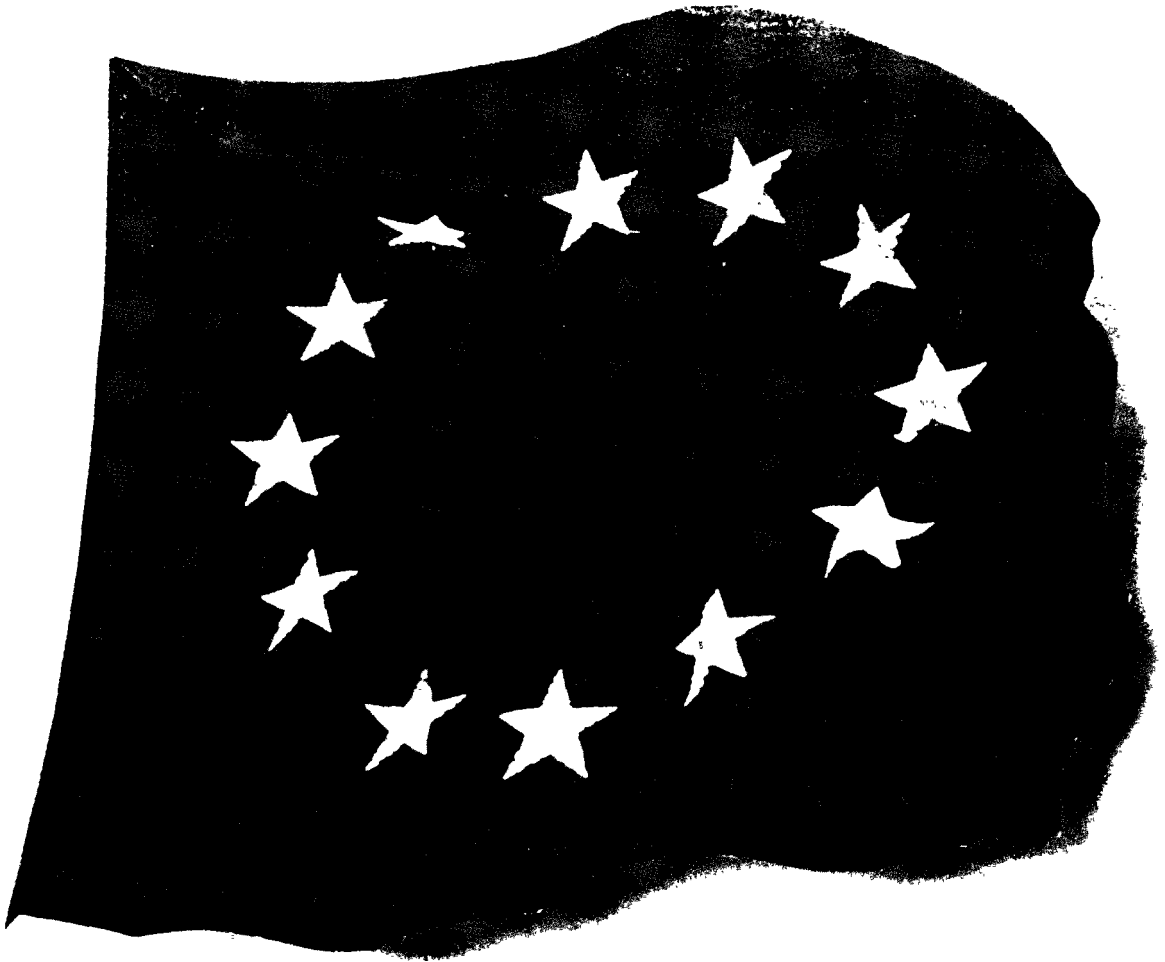


# **Bulletin of the European Communities**

Commission



No 7/8 1988 Volume 21

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# **Bulletin of the European Communities**

**Commission**

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Standardized abbreviations for the designation of certain monetary units in the different languages of the Community

ECU	=	European currency unit
BFR	=	Belgische frank / Franc belge
DKR	=	Dansk krone
DM	=	Deutsche Mark
DR	=	Greek drachma
ESC	=	Escudo
FF	=	Franc français
HFL	=	Nederlandse gulden (Hollandse florijn)
IRL	=	Irish pound / punt
LFR	=	Franc luxembourgeois
LIT	=	Lira italiana
PTA	=	Peseta
UKL	=	Pound sterling
USD	=	United States dollar

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1/88 Programme of the Commission for 1988

2/88 A people's Europe

3/88 Statute for the European company

\*4/88 The future of rural society





**PART ONE**

**SPECIAL FEATURES**

# 1. Reform of the structural Funds

## Implementation of the conclusions of the Brussels European Council

1.1.1. Pursuant to Article 130e of the EEC Treaty, the Commission sent to the Council on 29 July a package of proposals for Regulations<sup>1</sup> implementing the comprehensive Regulation on the reform of the Community's structural Funds, which the Council had adopted in June.<sup>2</sup>

The Regulations should be adopted by the end of the year so that the activities of the Funds can be based on the new guidelines for the back-up policies as of 1 January 1989. With the reform of the common agricultural policy<sup>3</sup> and of the Community's finances,<sup>4</sup> introduction of these new arrangements is intended to complete the three parts of the reform of the Community (Making a success of the Single Act: A new frontier for Europe),<sup>5</sup> decided in February by the Brussels European Council.<sup>6</sup>

## An indivisible whole

1.1.2. The document transmitted by the Commission to the Council contains a single explanatory memorandum—a material indication of the cohesive nature of the package—covering the three proposals for Regulations specific to each of the Funds (ERDF, ESF and EAGGF Guidance Section) and the proposal for a general Regulation laying down the provisions common to the Funds and coordinating their activities between themselves and with the EIB and the other existing financial instruments. The package will be rounded off by a communication on interaction between the Funds, the EIB and the other lending instruments.

## Operational reform

1.1.3. In accordance with the four guiding principles and the five objectives spelt out in the comprehensive Regulation,<sup>2</sup> the general scheme of the implementing Regulations,

based on the principle of subsidiarity, is designed:

- (i) to make the main guidelines of the comprehensive Regulation more precise, so that the reform becomes operational for Member States and for potential beneficiaries;
- (ii) to simplify and harmonize procedures by incorporating, where possible, provisions common to the three Funds, especially as regards payment and controls;
- (iii) to ensure effective coordination of the activities of the Funds and the financial instruments;
- (iv) to guarantee, at the same time, that the Commission has sufficient flexibility to tailor assistance from each of the Funds to local requirements.

## The general Regulation

1.1.4. The emphasis here is on partnership, planning, monitoring and assessment, more straightforward financial procedures, harmonized rates of assistance and combined use of grants and loans.

The Regulation also lays down the criteria for selecting the areas eligible for assistance under the three Funds in connection with Objective 5(b) (rural development) of the comprehensive Regulation.<sup>2</sup>

## Partnership

1.1.5. The procedure provides for decentralized management of assistance from the Funds so that genuine partnership can be achieved between local, regional, national and Community authorities. The Com-

<sup>1</sup> OJ C 256, 3.10.1988; COM(88) 500/2 final.

<sup>2</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

<sup>3</sup> OJ L 106, 27.4.1988; OJ L 110, 29.4.1988; Bull. EC 4-1988, point 2.1.126; OJ L 132, 28.5.1988; Bull. EC 5-1988, point 2.1.117.

<sup>4</sup> Bull. EC 6-1988, point 2.3.8.

<sup>5</sup> Supplement 1/87 — Bull. EC; Bull. EC 2-1987, point 1.1.1 *et seq.*

<sup>6</sup> Bull. EC 2-1988, point 1.1.1 *et seq.*

mission's intention is that assistance from the Funds should reflect local realities as closely as possible and be as unbureaucratic as possible.

### ***Planning***

1.1.6. There are three stages:

- (i) plans submitted by Member States setting out their priorities and indicating how they propose to use the Funds;
- (ii) the Community support framework, which indicates the priorities established at Community level and those deriving from Community initiatives; this is the crux of the reform, the decisive stage in the process of dialogue and coordination;
- (iii) operational measures, which implement the Community support framework, mainly in the form of programmes financed by one or more Funds.

### ***Monitoring and assessment***

1.1.7. The corollary of simplification and decentralization is closer monitoring and improved assessment. Experience has shown, and implementation of the integrated Mediterranean programmes (IMPs)<sup>1</sup> has confirmed that the only way to ensure that Community measures are effective in achieving the objectives set is constantly to monitor performance and, if necessary, to adapt the measures to the new needs arising during implementation.

### ***More straightforward financial procedures***

1.1.8. Disparities in the existing rules have hitherto impeded combined use of the Funds. Harmonized rules based on the principles of simplicity and transparency will now make it possible to improve the organization of the Commission's work.

The Commission also proposes that financial assistance from the structural Funds should be provided in ecus.

### ***Harmonized rates of assistance and combined use of grants and loans***

1.1.9. The Regulation seeks to achieve better harmonization of the rates of assistance from the Funds. The combination of grants and loans is an important principle for the future management of the Funds; it requires active cooperation with the EIB and the other lending instruments, especially at the stage when Community support frameworks are being drawn up.

### ***The new ERDF Regulation***

1.1.10. Article 130c of the Single European Act<sup>2</sup> specifies that the European Regional Development Fund (ERDF) is intended to help redress the principal regional imbalances in the Community by participating in the development and structural adjustment of regions whose development is lagging behind and in the conversion of declining industrial regions. The ERDF thus provides assistance in support of Objective 1 (regions lagging behind), Objective 2 (regions seriously affected by industrial decline) and Objective 5(b) (rural development) of the comprehensive Regulation.<sup>3</sup> In addition, the new Regulation sets out to reform the ERDF<sup>4</sup> itself, that is, the special provisions governing implementation of ERDF operations.

1.1.11. Accordingly, the ERDF will help to strengthen the economic potential of the regions, assist structural adjustment and growth, and create permanent employment opportunities. To achieve these objectives, it will part-finance productive investment projects, infrastructure investment projects and measures for developing the indigenous potential of the regions.

In addition, the ERDF will continue to play its part in the promotion of regional devel-

<sup>1</sup> OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

<sup>2</sup> OJ L 169, 29.6.1987; Supplement 2/86 — Bull. EC.

<sup>3</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

<sup>4</sup> OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

opment at Community level by encouraging in particular cross-border cooperation and the exchange of experience between Member States.

The Commission will draw up periodic reports on the social and economic situation and development of the regions with a view to assessing the impact of regional policy and establishing guidelines for future policy.

At operational level, the new ERDF Regulation<sup>1</sup> introduces an important new element of flexibility by enabling the Fund to use all the forms of financial assistance: part-financing of operational programmes, aid schemes or major projects, the provision of global grants, and support for technical assistance and studies in preparation for operations.

## The new ESF Regulation

1.1.12. Under the new Regulation,<sup>2</sup> the European Social Fund (ESF) is to provide assistance:

(i) throughout the Community, to combat long-term unemployment (Objective 3 of the comprehensive Regulation)<sup>3</sup> and to facilitate the occupational integration of young people (Objective 4);

(ii) in accordance with the rules on regional eligibility, and in cooperation with the other Funds, to promote stable employment and develop new employment opportunities for the unemployed or those threatened with unemployment (Objectives 1, 2 and 5(b)).

The ESF will carry out the first of these tasks by providing back-up for Member States' employment policies. The scope available to it for carrying out the second task is wider, especially in the less-developed regions, with measures to help those whose activities contribute to the economic development of the regions and areas concerned; for example, retraining for those employed in small and medium-sized firms in preparation for the introduction

of new technologies or new management techniques.

1.1.13. The procedures for managing the ESF are being changed, notably through the introduction of multiannual programmes. The ESF will continue to contribute to the financing of vocational training measures, recruitment aid and start-up aid for the self-employed. Moreover, to prepare for the changes associated with completion of the internal market, it can help with back-up measures such as studies, technical assistance or the pooling of experience between Member States or regions, with training at Community level of employees' representatives or with innovative training measures.

## The new EAGGF (Guidance Section) Regulation

1.1.14. The tasks assigned<sup>4</sup> to the EAGGF Guidance Section concern Objectives 1, 5(a) and 5(b) of the comprehensive Regulation: regions lagging behind; speeding up adjustment of agricultural structures; and rural development.

Objective 5(a) is a general objective in that it covers the entire Community. Structural adjustment in agriculture is a process closely linked to reform of the common agricultural policy and will require a greater financial effort in the form of structural measures connected with the adaptation of agricultural production. The proposal spells out the extent to which marketing and processing activities<sup>5</sup> will be covered by the reform and will continue to form part of operational programmes.

Further, the Community is to play a new, crucial role in promoting the development of rural areas under Objectives 1 and 5(b), in particular through conversion, revitaliza-

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<sup>1</sup> OJ L 169, 28.6.1984; Bull. EC 6-1984, point 1.3.1 *et seq.*

<sup>2</sup> OJ L 189, 22.10.1983; Bull. EC 10-1983, point 1.3.1 *et seq.*

<sup>3</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

<sup>4</sup> OJ L 94, 28.4.1970.

<sup>5</sup> OJ L 51, 23.2.1977.

tion and economic stimulation in those areas. In this connection, the Commission has adopted a communication on the future of rural society (→ point 1.2.1 *et seq.*).

Criteria have been put forward for selecting areas eligible for Community financial assistance outside the less-developed regions. They include the degree to which the areas are rural in nature and their level of economic and agricultural development. To ensure that Community financial assistance has the flexibility which the diversity

of rural problems requires, other criteria will also be taken into account (e.g. peripheral situation and extent of depopulation). Thus the proposal for a Regulation also gives a more precise breakdown of the EAGGF's tasks, both as regards vocational training activities—within the purview of the ESF, except for measures relating to advisory services—and as regards infrastructure operations, which will be financed by the ERDF, except in special cases where there is a direct link with agriculture.

## 2. The future of rural society

1.2.1. Rural society is undergoing far-reaching changes and the balance between its various functions has become much less secure. Action is needed to promote balanced rural development. On 29 July the Commission therefore sent the Council and Parliament a communication on the future of rural society<sup>1</sup> which outlines an overall Community approach to the problems specific to these areas.

This communication is an expression of the Commission's concern to avoid serious economic and social divisions and to preserve a European model of rural development, founded on the promotion of family undertakings and on balanced town and country planning. With this end in view, the communication sets out in detail the main areas for Community action, which go beyond the agricultural, regional and social policies to embrace relatively new measures relating to forestry policy, the environment, energy, research and SMEs.

This will add a new dimension to established Community measures aimed at strengthening the economic and social cohesion of the enlarged Community and at easing the unavoidable adjustment of

European agriculture to actual circumstances on the markets.

The Commission intends to launch a general debate on the basis of this communication with all interested parties, after which it will be in a position to start making specific, detailed proposals in the autumn.

### *Situation and trends*

1.2.2. The restructuring of agriculture, economic diversification and population trends are all combining to transform the countryside and the small towns not just in Europe but also in many other industrialized countries. The extreme diversity of actual circumstances can be summed up in terms of three 'standard' problems:

(i) the pressure of modern development in rural areas close to or easily reached from large towns or cities. The problem is first and foremost one of land use, the deterioration of the countryside and a worsening ecological balance;

<sup>1</sup> Supplement 4/88 — Bull. EC; COM(88) 501 final.

(ii) rural decline in many rural areas, but particularly in outlying Mediterranean (and Mediterranean-type) parts of the Community. The main symptoms of rural decline are lagging development and a failure to achieve economic diversification;

(iii) depopulation and the abandonment of some land in areas that are furthest from the mainstream of Community life, such as mountain and hill areas and certain islands.

In addition to these problems caused by trends independent of previous agricultural policy decisions, structural changes in the farm sector, spurred on by the reform of the common agricultural policy, is now also gathering rather more momentum.

### *The Community approach*

1.2.3. Three basic strategies for tackling the problems described above are set out in the communication. These strategies will, of course, in each case be tailored to local conditions when it comes to practical implementation.

To confront the pressures of modern development, the protection of the rural environment must be strengthened. This is in the first instance the responsibility of the national and/or regional authorities, but also one where the Community can make its contribution in the form of studies and recommendations, by setting upper limits to environmental loads and by encouraging farming and forestry practices which foster environmental protection and nature conservation.

As regards rural decline, it is clear that, in addition to purely agriculture-related measures, any steps to revive and ensure the integration of the socio-economic fabric necessarily entail a job-creation policy to provide additional and/or alternative employment outside farming. Such a policy will have greater long-term success if it is based on local initiatives and resources. To this end, action should be taken to stimulate and diversify the supply of services to firms, promote social and economic out-

reach activities, to encourage clusters of economic activities, the creation of new infrastructure and the introduction of back-up schemes in the fields of education and vocational training.

All these measures should be dovetailed into an overall development logic. Integrated rural development programmes as part of the reform of the structural Funds (→ point 1.1.1 *et seq.*)<sup>1</sup> have a particularly important role to play in ensuring that such measures are and remain consistently inter-related.

To confront the problems posed in particularly marginal areas, a long-term policy is needed to maintain rural populations, reinforce existing one-man and very small businesses and build up forestry and timber activities, ensure that an acceptable level of public services is provided and to preserve the natural environment and cultural heritage.

Community schemes will have to be selective, properly publicized, mutually consistent and in line with objectives of Community concern. Community action should increase the 'value added' by public, national, regional and local schemes and there should, where possible, be close cooperation between Community action and such schemes.

### *Rural society and the main areas of Community action*

1.2.4. If the authorities are to accommodate properly at Community level the specific problems of rural society, there will have to be many course corrections and adjustments to existing policies and action programmes. As regards the common agricultural policy, the Commission proposes to continue with the aim of diversifying and modulating the support made available to low-income small family farms and to areas where nature is hostile and structures are weak.

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<sup>1</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.1.159.

The Commission also wishes to strengthen the economic integration of agriculture by improving farm support services. Lastly, it intends to support producers who have opted to go for quality by introducing a legal framework (involving labels and registered designations of origin) and incentives.

In its communication on environment and agriculture,<sup>1</sup> the Commission advocated a number of rules to curtail certain harmful practices and to encourage those with a favourable impact on the environment. Environmental incentives and compensation are justified and may even, in certain cases, be instituted on a permanent basis.

The Community must do more to support the development of technology, tailored to specific conditions in the rural areas, promoting the rational use of energy and the development of renewable energy sources.

Regional policy should be aimed primarily at encouraging the emergence of intermediary centres and stimulating local initiatives—in particular on the part of SMEs—so as to tap indigenous potential.

Action to boost the competitiveness of rural SMEs should include measures to encourage the dissemination of new technology in rural districts, stronger financial and host infrastructures and schemes to stimulate and diversify the supply of services for firms. The development of rural tourism is particularly promising in this respect.

Certain Community research and development programmes could be of particular relevance to rural society. The Commission proposes that these programmes be brought more closely in line with the needs of the rural economy and that firms and research stations in rural districts be encouraged to participate in Commission research programmes (in particular Esprit<sup>2</sup> and Brite<sup>3</sup>).

Telecommunications and information technology have a strategic role to play as regards development. The Commission proposes that the telecommunications and information technology infrastructure be strengthened, the STAR programme<sup>4</sup> be

extended and that a scheme be set up to support the use of new technology in rural areas to alert potential users to the opportunities, provide them with the training they will need and stimulate demand.

Efforts to maintain proper educational cover in rural districts should be supported. It is also proposed that educational facilities and occupational training programmes, adapted to the requirements of the rural world, be developed in close cooperation with the Member States and the regions, backed up by versatile mobile training teams.

The Commission is planning to strengthen and step up the pace of targeted information and guidance initiatives and will therefore be looking at the possibility of establishing rural information and stimulation meeting points with a sufficient public profile. Pilot experiments could be started very soon.

### *The reform of the structural Funds and financial assistance for rural society*

1.2.5. Whilst other Community policies may, in some cases, make the major contribution, a proper development policy will have to be implemented where inadequate economic structures (ill-adapted farming methods, failure to diversify, and a lack of managerial drive) constitute the main obstacles to progress.

Rural development has therefore been chosen as one of the priorities for assistance from the structural Funds. It is planned to achieve this objective:

(i) under the overall regional development programme in regions lagging behind as regards structuring the rural character of which is generally very pronounced. A list of regions eligible for assistance under these programmes has been adopted by the

<sup>1</sup> Bull. EC 6-1988, point 2.1.219.

<sup>2</sup> OJ L 67, 9.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*

<sup>3</sup> OJ L 59, 4.3.1988; Bull. EC 2-1988, point 2.1.35.

<sup>4</sup> OJ L 305, 31.10.1986; Bull. EC 10-1986, point 2.1.107.

Council in connection with the comprehensive Regulation of 24 June 1988 on the reform of the Funds;<sup>1</sup>

(ii) under the rural development programmes that will be drawn up for a number of other rural areas and regions. The criteria that the Commission proposes for the selection of such areas are set out in Article 4 of its proposal for a general, coordinating Regulation on the various structural Funds, namely the EIB and other agencies (→ point 1.1.1 *et seq.*).

Moreover, provided Community rules on State aid are respected, rural development schemes may be launched under national or regional programmes.

1.2.6. The structural Funds will act together to finance rural development schemes under operational development programmes (whether regional or rural) (→ point 1.1.10 and 1.1.14).

Loan facilities could be an adjunct to assistance from the Funds. Both the European Investment Bank (EIB) and the New Com-

munity Instrument (NCI) are in fact already actively involved in the development of less-favoured regions and in financing productive investments by SMEs.

The development of Community financial engineering activities should, moreover, increasingly enable solutions tailored to fit more closely the financial requirements of rural society to be devised. In addition, the Commission has suggested temporary measures involving the putting together of a loan package specifically intended for agriculture-related or non-agriculture investment in rural regions. Such loans could be offered by the EIB either from its own resources or from Community borrowings (a sort of rural NCI).

Acting on these guidelines, the Commission will be framing, before the end of 1988, proposals on the new methods of providing funds to foster diversification of the rural economies, always bearing in mind the problem constituted by the burden of debt farmers have to bear.

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<sup>1</sup> OJ L 185, 15.7.1987; Bull. EC 6-1988, point 2.1.159.



### 3. News in brief

#### **Research and technology**

In July the Commission adopted a series of programme proposals, including two communications on Europe's role in space and a strategic research and technology programme in the field of aeronautics (→ points 2.1.17 and 2.1.18).

#### **Financial institutions and company law**

On 11 July the Council adopted a common position on the proposal for a Directive on the information to be published when a major holding in a listed company is acquired or disposed of (→ point 2.1.78).

#### **Environment**

On 27 July the Commission adopted a proposal for a Directive on the protection of the natural heritage (→ point 2.1.120).

#### **Agriculture**

On 18 and 19 July the Council adopted the farm prices and related measures (→ point 2.1.126).

#### **Financing**

On 26 July the Council adopted (first reading) the draft budget for 1989 (→ point 1.3.6).

#### **Court of first instance**

On 26 July the Council adopted a Decision setting up a Court of First Instance and amending the Statute of the Court of Justice (→ point 2.4.15).



# PART TWO

## ACTIVITIES IN JULY/AUGUST 1988

# 1. Building the Community

## Economic and monetary policy

### Council

2.1.1. On 11 July the Council carried out the second quarterly review of the economic situation in the Community (→ point 2.1.2). It agreed to continue its examination of the Cockfield plan for the abolition of fiscal frontiers<sup>1</sup> and approved its common position, addressed to Parliament, on the proposal for a Directive on the information to be published when a major holding in a listed company is acquired or disposed of (the anti-raider Directive) (→ point 2.1.78).

### Economic situation

2.1.2. The Council carried out the second quarterly review of the economic situation in the Community,<sup>2</sup> acting on the basis of a Commission communication on the economic outlook for 1989 and budgetary policy in the Member States<sup>3</sup> and in accordance with its Decision of 18 February 1974 on the attainment of a high degree of convergence of the economic policies of the Member States.<sup>4</sup>

The Council shared the Commission's view that there was no reason to alter the economic policy guidelines for 1988 adopted on 22 December 1987.<sup>5</sup>

### Community borrowings

#### Six-monthly report

2.1.3. In accordance with the Council Decision of 19 April 1983 empowering it to contract loans under the New Community Instrument (NCI),<sup>6</sup> on 29 July the Commission transmitted to the Council, Parliament and the Economic and Social Committee its ninth six-monthly report<sup>7</sup> on the rate of utilization of NCI tranches (1 July to 31 December 1987).<sup>8</sup>

Effective authorizations for borrowing under NCI III currently total ECU 2.9 billion, with a margin of ECU 100 million held in reserve.

The geographical breakdown of loans signed shows that the largest number of financings were in Italy (even if reconstruction operations are excluded), with France in second position. Italy's share of total NCI lending has remained fairly stable, whereas France's share has shown a marked increase, rising to 33 % for NCI III. Taking total NCI loans signed for ordinary operations, there was an increasing shift in lending towards the productive sectors, whilst the proportion of loans signed under NCI III for the energy and infrastructure sectors showed a fall. NCI IV,<sup>9</sup> the purpose of which is to finance solely investment projects of small firms in industry and other productive sectors, has features which distinguish it from previous operations, such as the options of transforming a loan into a holding, financing the acquisition of intangible assets and deferring interest payments. Spain's share of NCI IV lending stands at 37 %.

### Internal market

#### Free movement of persons — Freedom to supply services

##### *Mutual recognition of diplomas — Access to economic activities*

#### Medical professions

2.1.4. On 6 July Parliament approved,<sup>10</sup> in first reading, subject to an amendment

<sup>1</sup> Bull. EC 7/8-1987, point 1.2.1 *et seq.*

<sup>2</sup> Bull. EC 3-1988, point 2.1.3.

<sup>3</sup> Bull. EC 6-1988, point 2.1.4.

<sup>4</sup> OJ L 63, 5.3.1974.

<sup>5</sup> OJ L 394, 31.12.1987; Bull. EC 12-1987, point 2.1.2.

<sup>6</sup> OJ L 112, 28.4.1983; Bull. EC 4-1983, point 2.1.8.

<sup>7</sup> COM(88) 438 final.

<sup>8</sup> Previous report: Bull. EC 1-1988, point 2.1.1.

<sup>9</sup> OJ L 71, 14.8.1987; Bull. EC 3-1987, point 2.1.3.

<sup>10</sup> OJ C 235, 12.9.1988.

accepted by the Commission, the proposal for a Directive<sup>1</sup> amending five Directives relating to the mutual recognition of formal qualifications as doctor,<sup>2</sup> nurse responsible for general care,<sup>3</sup> dental practitioner,<sup>4</sup> veterinary surgeon<sup>5</sup> and midwife<sup>6</sup> together with three Directives concerning the coordination of provisions laid down by law, regulation or administrative action relating to the activities of doctors,<sup>2</sup> veterinary surgeons<sup>5</sup> and midwives.<sup>6</sup>

## Nurses

2.1.5. Also on 6 July Parliament approved<sup>7</sup> in first reading, subject to an amendment accepted by the Commission, the proposal for a Directive<sup>8</sup> amending the 1977 Directives concerning nurses responsible for general care.<sup>3</sup>

## Free movement of goods

### *Removal of barriers to trade*

## Industrial products

### *Motor vehicles*

2.1.6. On 16 August the Commission amended<sup>9</sup> in the light of Parliament's opinion<sup>10</sup> its proposal for a Directive relating to lateral protection (side guards) of certain motor vehicles.<sup>11</sup>

### *Dangerous substances*

2.1.7. On 15 July the Commission sent the Council a recommendation for a Council Decision authorizing the Commission to negotiate agreements between the European Economic Community and non-member countries concerning the mutual acceptance of data obtained during the non-clinical testing of chemicals in accordance with good laboratory practice for regulatory purposes. These agreements would remove obstacles to trade in chemicals with the countries concerned.

## Foodstuffs

2.1.8. On 7 July Parliament adopted a resolution on juridical and administrative assistance between authorities and courts of the Member States in respect of legal provisions and quality standards applicable to foodstuffs (→ point 2.4.24).<sup>7</sup>

2.1.9. As required by the Council Directive of 15 July 1980 relating to the exploitation and marketing of natural mineral waters,<sup>12</sup> the Netherlands sent the Commission its list of recognized natural mineral waters.<sup>13</sup>

## Enterprise

### Services to promote business start-ups and expansion

#### Business and innovation centres

2.1.10. On 7 July, in the light of Parliament's opinion,<sup>14</sup> the Commission amended<sup>15</sup> its proposal for a Council Decision concerning a Community measure for the creation and development of business and innovation centres and their network.<sup>16</sup> This measure, which would initially run for four years (1988-91), would cost an estimated ECU 15.5 million, and is aimed at certain areas (for which an indicative list of selection criteria is provided) and

<sup>1</sup> OJ C 353, 30.12.1987; Bull. EC 11-1987, point 2.1.15.

<sup>2</sup> OJ L 167, 30.6.1975.

<sup>3</sup> OJ L 176, 15.7.1977.

<sup>4</sup> OJ L 233, 24.8.1978.

<sup>5</sup> OJ L 362, 23.12.1978.

<sup>6</sup> OJ L 33, 1.2.1980.

<sup>7</sup> OJ C 235, 12.9.1988.

<sup>8</sup> OJ C 20, 26.1.1988; Bull. EC 12-1987, point 2.1.13.

<sup>9</sup> OJ C 230, 6.9.1988; COM(88) 443 final.

<sup>10</sup> OJ C 94, 11.4.1988; Bull. EC 3-1988, point 2.1.15.

<sup>11</sup> OJ C 265, 5.10.1987; Bull. EC 7/8-1987, point 2.1.15.

<sup>12</sup> OJ L 229, 30.8.1980.

<sup>13</sup> OJ C 196, 26.7.1988.

<sup>14</sup> OJ C 13, 18.1.1988; Bull. EC 12-1987, point 2.1.25.

<sup>15</sup> OJ C 214, 16.8.1988; COM(88) 396 final.

<sup>16</sup> OJ C 33, 11.2.1987; Bull. EC 1-1987, point 2.1.13.

certain operations (which are also specified).

## Industrial strategy and services

### Steel

#### *The Community steel industry*

#### Transitional measures

##### *Monitoring and control*

2.1.11. Following its decision in June to discontinue the quota system<sup>1</sup> because, contrary to the industry's fears, this was justified by the market situation, the Commission decided on 19 July to introduce a system of statistical surveillance of production and deliveries of certain products.<sup>2</sup> The system is designed to monitor market developments down to the level of the individual companies, and represents a considerable simplification over the questionnaires previously used,<sup>3</sup> consisting in particular in: full incorporation of the Spanish and Portuguese figures in the returns, thus reducing the number of returns; discontinuation of information on concrete reinforcing bars, exempting a large number of small producers from the obligation to make any returns; discontinuation of information on galvanized sheet and coated sheet, and the regrouping of some products.

The Commission also decided, pursuant to Article 46 of the ECSC Treaty, to publish detailed forward programmes to give a picture of demand trends for the product categories covered by the surveillance system.

The Decision will apply from 1 July 1988 to 13 June 1990; however, the Commission will draw provisional conclusions by 31 December 1988, with particular emphasis on product coverage, as a basis for planning the future system.

#### *Production certificate and accompanying document*

2.1.12. The Commission informed<sup>4</sup> steel producers and dealers that its Decision of 23 December 1983 introducing the accompanying document and production certificate<sup>5</sup> had ceased to apply as from 30 June, when the controls on the steel market were removed.<sup>1</sup>

#### *Penalties*

2.1.13. Following an adjustment of the relevant figures, on 26 July the Commission repealed<sup>6</sup> one of its Decisions of 10 November 1987 imposing a fine on the firm Siderpotenza pursuant to Article 58 of the ECSC Treaty.<sup>7</sup>

#### *Safeguard clause*

2.1.14. In keeping with its commitment to make a check, the Commission was able to verify that implementation of the provisions of its Decision of 2 March,<sup>8</sup> authorizing Spain to limit until 31 December imports of certain steel products originating in other Member States, under the safeguard clause of Article 379 of the Act of Accession, had not given rise to any particular problems, either with regard to the trend towards capacity reductions or lower prices.

#### Market situation

2.1.15. The development of production and new orders confirms the upward trend in the Community and international steel market. Community crude steel production during the first half of 1988 was 7.4% up on the corresponding period of the previous year (+ 20% in the USA, + 10.7% in Japan

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<sup>1</sup> OJ C 194, 23.7.1988; Bull. EC 6-1988, point 2.1.53.

<sup>2</sup> OJ L 212, 5.8.1988.

<sup>3</sup> OJ L 25, 29.1.1988.

<sup>4</sup> OJ C 200, 30.7.1988.

<sup>5</sup> OJ L 373, 31.12.1983; Bull. EC 12-1983, points 2.1.13 to 2.1.15.

<sup>6</sup> OJ C 219, 23.8.1988.

<sup>7</sup> OJ C 321, 1.12.1987; Bull. EC 11-1987, point 2.1.39.

<sup>8</sup> OJ C 60, 4.3.1988; Bull. EC 3-1988, point 2.1.29.

and +7.4% in the other countries included in the International Iron and Steel Institute (IISI) statistics). World consumption is also expected to increase by a further 2.5% in 1988 (+3% in 1987) according to OECD estimates in its report on the steel market in 1987 and the outlook for 1988.

2.1.16. With regard to employment, manpower cuts in the steel industry in the OECD countries continued with a 6% reduction in 1987, which corresponds to a loss of 69 000 jobs. This brings the number of jobs lost since 1974 to almost 925 000, or 46% of the total.

## Research and technology

### Community R&TD policy

#### *Aerospace*

##### *Space*

2.1.17. On 29 July the Commission sent the Council a communication<sup>1</sup> analysing the specific contribution which the Community could and should make to the European space effort. It explains how the Community could play a supporting and complementary role by stepping up its activities in six main areas and by strengthening and developing its cooperation with the European Space Agency on a more systematic basis.

For a number of years now the international space scene has no longer been dominated by the United States and the Soviet Union alone; Europe has gradually established itself as a force to be reckoned with. The creation of the European Space Agency paved the way for cooperation which led to major achievements, such as Ariane, Spacelab, Giotto, etc. However, Europe must now look beyond these successes in the development of space techniques. There is still a need for a matching effort to encourage exploitation of their potential benefits.

Europe is still without a cogent overall policy which incorporates technological, industrial, commercial, social, cultural and even defence aspects.

There is scope here for Community action. After all it is competent in a wide range of areas (research and innovation, telecommunications, industrial development, standards, foreign trade, etc.) affected by space activities or liable to benefit from them (education and training, environment, regional development, fisheries, agriculture, development aid and so on).

The Commission is proposing, for the purposes of future Community action in space, six lines of action intended to provide a coherent framework for the development of its activities. These are as follows:

(i) research and technological development (R&TD)—promoting greater complementarity and synergy between Community R&TD strategy and the programmes of the space agencies. Specifically, this will entail improving coordination between the relevant Community programmes, (Esprit, Brite, Euram, RACE, a number of JRC programmes, etc.) and European space programmes, defining and giving effect to Europe's contribution to the international programme to study 'global change' on our planet and, under the existing programmes, stimulating projects involving microgravity experiments;

(ii) telecommunications: formulation of a coherent approach by ensuring that satellite technology is included in the development of European networks and services and by optimizing the complementary relationship between satellite and land-based systems; creation of the political, regulatory and standardization conditions conducive to the development of new services and equipment; promotion of the use of satellite communication systems in the implementation of Community policies (regional development, development aid, education, transport, etc.);

<sup>1</sup> COM(88) 417 final.

(iii) earth observation: stimulation of the applications market, particularly by extending and intensifying the integration of satellite information in the implementation of Community policies (agriculture, the environment, regional development, development aid, etc.) and by promoting R&TD cooperation and coordination in the field of satellite data processing and interpreting techniques;

(iv) industrial development: more detailed study of the implications of the single market by analysing, in conjunction with the relevant bodies concerned, its impact on space activities and space-related activities;

(v) legal environment: helping to create favourable conditions for the development of European space activities by studying and proposing appropriate measures in the field of commercial and competition policy, tax and customs arrangements and harmonization of legislation;

(vi) training: to encourage the development of European advanced training courses on space science and technology and their applications, under the Comett programme.<sup>1</sup>

## Aeronautics

2.1.18. On 14 July the Commission sent the Council a proposal for the pilot phase (1989-90) of a Community R&TD programme in the field of aeronautics.<sup>2</sup> This proposal follows on from the paper presented by the Commission in June on the situation in the Community aeronautics industry and the possibility of a Community role in cooperation in this field.<sup>3</sup>

The amount of funding needed to implement the pilot phase of the programme is estimated at ECU 60 million, which will cover aerodynamics (analysis and optimization of high-speed aircraft configurations, including aerothermodynamic heat load estimates, laminar flow technology), materials, acoustics (aircraft noise, physical effects), computing (development of computing power), airborne systems and equipment (integration of system and

equipment control, all-electric aircraft), design and manufacturing technologies (highly integrated CAD/CAM/CIM systems) and propulsion (aerodynamic aspects of advanced propulsion systems).

## Coordination of national policy

2.1.19. At its meeting in Brussels on 7 and 8 July the Scientific and Technical Research Committee heard a presentation by the Commission of the findings of a preparatory study of the Stride programme for stimulating the development of scientific infrastructure in the peripheral areas of the Community and details of the Commission's plans under this programme.

The Committee also had a second exchange of views on the proposal for a Community programme on the dissemination and utilization of the results of research and technological development.<sup>4</sup>

It went on to discuss the proposal for a research programme in the field of predictive medicine (→ point 2.1.23), the preliminary draft programme on marine science and technology and the implications for Europe of the outline agreement on scientific cooperation between the USA and Japan proposed at the Toronto Summit.<sup>5</sup>

## International cooperation

### COST

2.1.20. In July the Federal Republic of Germany signed the MOU relating to COST 219, the Federal Republic of Germany and Portugal signed the MOU for

<sup>1</sup> Community action programme on cooperation between universities and enterprises regarding training in the field of technology; OJ L 222, 8.8.1986; Bull. EC 6-1986, point 2.1.106.

<sup>2</sup> COM(88) 393 final.

<sup>3</sup> Bull. EC 6-1988, point 2.1.61.

<sup>4</sup> Bull. EC 5-1988, point 2.1.45.

<sup>5</sup> Bull. EC 6-1988, point 1.6.1 *et seq.* and point 3.5.1 *et seq.*



COST 307 and Ireland signed the MOU for COST 311.

### Agreements with EFTA countries

2.1.21. On 18 July the Council adopted two Decisions<sup>1</sup> concerning the conclusion of two cooperation agreements between the EEC and Switzerland on research in the field of wood, including cork, as a renewable raw material,<sup>2</sup> and in the field of advanced materials (Euram).<sup>3</sup>

2.1.22. At its July part-session,<sup>4</sup> Parliament delivered its opinion on the proposals for Decisions concerning the conclusion of cooperation agreements between the EEC and Sweden on research in the field of the recycling and utilization of waste<sup>5</sup> and between the EEC and Finland on research in the field of wood, including cork, as a renewable raw material.<sup>6</sup>

## Main areas of Community R&TD

### *Quality of life*

#### Health

2.1.23. Predictive medicine seeks to predict susceptibility to disease with a view to prevention, early diagnosis, improvement of the prognosis and possibly treatment. The basis of predictive medicine is knowledge of the human genome. Much disease in fact has a genetic component: it may be a result of inheriting a single defective gene (monofactorial) or of the interaction of multiple gene defects (multifactorial) and environmental factors.

On 27 July the Commission sent the Council a proposal for a Decision adopting a specific research programme in the field of predictive medicine: human genome analysis (1989-91).<sup>7</sup>

The amount needed to implement this programme is estimated at ECU 15 million. It is designed to complement the R&D coordi-

nation programme in the field of medical and health research (1987-91).<sup>8</sup>

The predictive medicine programme will be Europe's response to the international challenge of the major biological research projects being undertaken in the United States (mapping and sequencing the human genome) and Japan (human frontier science programme).<sup>9</sup>

The programme should include the following lines of research:

- (i) improvement of the resolution of the human genetic map, i.e. the creation of a human genome map consisting of DNA markers which will enable researchers to locate genes easily and quickly;
- (ii) the setting-up of ordered clone libraries, i.e. collections of DNA fragments in a known order which fully represent the DNA in the entire genome, selected chromosomes or chromosome fragments;
- (iii) the improvement of advanced genetic technologies, through a training programme and the dissemination of these advanced technologies throughout the Member States.

### *Information technology and telecommunications*

2.1.24. For information technology and telecommunications, see the 'Telecommunications, information technology and innovation' section.

<sup>1</sup> OJ L 195, 23.7.1987.

<sup>2</sup> OJ C 282, 20.10.1987; Bull. EC 9-1987, point 2.1.37.

<sup>3</sup> OJ C 325, 4.12.1987; Bull. EC 11-1987, point 2.1.55.

<sup>4</sup> OJ C 235, 12.9.1988.

<sup>5</sup> OJ C 92, 9.4.1988; Bull. EC 3-1988, point 2.1.40.

<sup>6</sup> OJ C 153, 11.6.1988; Bull. EC 4-1988, point 2.1.40.

<sup>7</sup> COM(88) 424 final.

<sup>8</sup> OJ L 334, 24.11.1987; Bull. EC 11-1987, point 2.1.62.

<sup>9</sup> Bull. EC 6-1987, point 3.7.32.

*Industrial technologies***Brite/Euram programme<sup>1</sup>**

2.1.25. On 29 July the Commission sent the Council a proposal for a Decision adopting a specific research and technological development programme in the fields of industrial manufacturing technologies and advanced materials applications — Brite/Euram (1989-92).<sup>2</sup>

The programme has a proposed budget of ECU 439.5 million, of which ECU 300 million are to be allocated to science and technology for manufacturing industry and 139.5 millions to science and technology for advanced materials. Its purpose is to build on the achievements of the Brite (1985-88)<sup>3</sup> and Euram (1986-89)<sup>4</sup> programmes: the decision to combine these two programmes is a recognition of the fact that the development and application of new materials and the development of new industrial processes and new manufacturing methods both form part of the effort to modernize industry with the aid of the most recent technology.

This programme will cover advanced materials technologies (metallic materials and metallic matrix composites, materials for magnetic, optical and superconducting applications, non-metallic materials, etc.), design methodology and quality assurance for products and processes (quality, reliability and maintainability in industry, process and product quality assurance), application of manufacturing technologies (advanced manufacturing practices, manufacturing processes for flexible materials) and technologies for manufacturing processes (surface technologies, chemical processes, particle and powder technology).

2.1.26. On 26 July the Commission published an advance notice of the first call for proposals for the new Brite/Euram programme<sup>5</sup> in order to give those interested, particularly small businesses, sufficient time to find partners and prepare proposals.

*Energy***Nuclear fusion**

2.1.27. Further to the common position<sup>6</sup> agreed at the Council meeting on 29 June and Parliament's decision to forego the conciliation procedure,<sup>7</sup> on 25 July the Council adopted a Decision<sup>8</sup> establishing a multi-annual research and training programme in the field of controlled thermonuclear fusion for the period from 1 January 1988 to 31 March 1992,<sup>9</sup> and a Decision amending the Statutes of the JET (Joint European Torus) Joint Undertaking.<sup>10</sup>

2.1.28. On 27 July the Council adopted a Decision approving the conclusion by the Commission of a Memorandum of Understanding between the EAEC (Euratom) and the Government of Canada on the involvement of Canada in the EAEC contribution to international thermonuclear experimental reactor (ITER) conceptual design activities.<sup>11</sup>

**Nuclear fission**

2.1.29. On 16 August the Commission transmitted to the Council a proposal for a new research and technological development programme on the decommissioning of nuclear installations (1989-93).<sup>12</sup> This programme, which has a proposed budget of ECU 31.5 million, is designed to continue and expand the work carried out under the decommissioning programme (1984-88).<sup>13</sup>

<sup>1</sup> Brite: Basic research in industrial technologies for Europe; Euram: European research in advanced materials.

<sup>2</sup> OJ C 228, 3.9.1988; COM(88) 385 final.

<sup>3</sup> OJ L 83, 25.3.1985; Bull. EC 12-1984, points 1.7.1 and 1.7.2.

<sup>4</sup> OJ L 159, 14.6.1986; Bull. EC 6-1986, point 2.1.65.

<sup>5</sup> OJ C 196, 26.7.1988.

<sup>6</sup> Bull. EC 6-1988, point 2.1.72.

<sup>7</sup> OJ C 235, 12.9.1988.

<sup>8</sup> OJ L 222, 12.8.1988.

<sup>9</sup> OJ C 247, 15.9.1987; Bull. EC 7/8-1987, point 2.1.55.

<sup>10</sup> Bull. EC 7/8-1987, point 2.1.55.

<sup>11</sup> Bull. EC 2-1988, point 2.1.38.

<sup>12</sup> OJ C 250, 24.9.1988; COM(88) 415 final.

<sup>13</sup> OJ L 36, 8.2.1984; Bull. EC 1-1984, point 2.1.110.

This new programme is divided into three topics: research and technological development projects in the various sectors (long-term integrity of buildings and systems, decontamination for decommissioning purposes, dismantling techniques, treatment of specific waste materials, qualification and adaptation of remotely controlled semi-autonomous systems, estimation of the quantities of radioactive waste arising from the decommissioning of installations); the definition of guiding principles at various levels (designing and operating nuclear installations with a view to simplifying their subsequent decommissioning, decommissioning operations with a view to making occupational radiation exposures as low as reasonably achievable, technical aspects of a Community policy in this area) and pilot projects on the decommissioning of certain parts of nuclear installations in Member States at the end of their operating life.

2.1.30. On 15 July the Commission also adopted for transmittal to the Council a proposal for a Decision adopting a research and training programme on remote handling in nuclear hazardous and disordered environments (Teleman) (1989-93).<sup>1</sup> This programme, which has a proposed budget of ECU 19 million, covers the development of semi-autonomous and fully autonomous remote handling (robotic) systems capable of operating in the high-temperature and highly radioactive environment characteristic of nuclear power stations. The programme's activities fall into four areas: development of subsystems and components, environmental tolerance, the design of test beds and evaluation of products and studies.

### Non-nuclear energy

2.1.31. On 26 July the Commission sent the Council a proposal for a Decision adopting a new research and technological development programme on non-nuclear energies and the rational use of energy (1989-92) known as Joule (joint opportunities for unconventional or long-term energy supply).<sup>2</sup> This programme, which has a

proposed budget of ECU 122 million, is designed to continue the work undertaken since 1975, particularly within the non-nuclear energy research programme (1985-88).<sup>3</sup>

The aims of this new programme are to help improve the long-term security of energy supply and reduce energy imports into the Community through diversification of sources and more efficient energy use, alleviate environmental problems associated with energy use and conversion, enhance the competitive position of Community industry by reducing energy costs<sup>4</sup> and developing energy technologies, complete the large internal market in 1992 in the energy sector, notably through research aimed at the preparation of standards, and solve the technical problems of energy supply and utilization in the developing countries.

The programme will cover energy and environment models (modelling of energy resources and supply, energy demand, energy/environment interaction, impact of the energy sector on the internal market, etc.), rational use of energy (energy saving in buildings, combustion technology, rational use of energy in industrial processes, fuel cells), energy from fossil sources (oil and natural gas, solid fuels) and renewable energy sources (wind energy, photovoltaic solar power, hydro-energy, biomass and geothermal energy).

### Marine resources

#### Fisheries

2.1.32. On 1 July the Commission published a call for research proposals<sup>5</sup> under the Community research programme in the fisheries sector (1988-92).<sup>6</sup> Proposals are

<sup>1</sup> COM(88) 416 final.

<sup>2</sup> OJ C 221, 25.8.1988; COM(88) 388 final/2.

<sup>3</sup> OJ L 83, 25.3.1985. Bull. EC 3-1985, point 2.1.141.

<sup>4</sup> Bull. EC 4-1988, point 1.1.1 *et seq.*

<sup>5</sup> OJ C 172, 1.7.1988.

<sup>6</sup> OJ L 314, 4.11.1987; Bull. EC 9-1987, point 2.1.44.

invited in the following areas: fisheries management, fishing techniques, aquaculture and upgrading of fishery products.

### *European scientific and technical cooperation*

#### **Forecasting and assessment**

2.1.33. On 29 July the Commission sent the Council a proposal for a Decision concerning a Community research programme on strategic analysis, forecasting and assessment in research and technology (1989-92), known as Monitor.<sup>1</sup> This proposal amends and replaces the Commission's proposal for a FAST III programme (1988-92), submitted in October 1987.<sup>2</sup>

The Monitor programme, which has a proposed budget of ECU 22 million, will comprise three parts covering three different but closely interrelated and complementary activities: strategic and impact analyses relating to scientific and technological developments—SAST (strategic analyses in the field of science and technology); forecasting—FAST (forecasting and assessment in science and technology); research and studies aimed at improving methodologies and the effectiveness of R&TD assessment—Spear (support programme for a European assessment of research).

SAST activities will consist of analyses targeted on a field of science, a technology, a sector or a critical theme (writing of reports on the strengths and weaknesses of part or all of the Community in a high-technology area, a field of science, etc.: 'technological assessment' studies on the state of development of a technology and its future development, obstacles to innovation, industrial and socio-economic impact, etc.; writing of strategic analysis reports highlighting the options open to the Community for a given problem).

FAST activities will resemble previous FAST work, in particular the work carried out under FAST II<sup>3</sup> (writing of reports on major themes or phenomena of a general

nature; studies of the implications of certain scientific and technical developments; reviews and critical analyses of the results of the principal forecasting studies published worldwide; writing biennial reports on the economic and social implications of technological change).

Spear will provide support for the assessment of Community programmes, systematically carried out by independent experts. It will comprise comparative analyses of the major Community, national and international programmes and research on methodologies for assessing research and technological development programmes (including the development of quantitative indicators).

## **Telecommunications, information technology and innovation**

### **Telecommunications**

#### **RACE**

2.1.34. In line with the Council's Decision of December 1987 on a Community programme in the field of advanced telecommunications technologies (RACE),<sup>4</sup> the Commission published a second call for proposals relating to the characterization of new applications in the field of advanced communications and the development of new service applications.<sup>5</sup>

### **Information technology**

#### **Esprit**

2.1.35. Following the first invitation to tender<sup>6</sup> for the Esprit II programme,<sup>7</sup> the

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<sup>1</sup> COM(88) 386 final.

<sup>2</sup> OJ C 39, 11.2.1988; Bull. EC 10-1987, point 2.1.33.

<sup>3</sup> OJ L 293, 25.10.1983. Bull. EC 6-1983, point 2.1.257.

<sup>4</sup> OJ L 16, 21.1.1988; Bull. EC 12-1987, point 2.1.71.

<sup>5</sup> OJ C 173, 2.7.1988.

<sup>6</sup> OJ C 350, 29.12.1987; Bull. EC 4-1988, point 2.1.55.

<sup>7</sup> OJ L 118, 6.5.1988; Bull. EC 4-1988, point 2.1.54.

Commission has selected 156 proposals from the 650 submissions. Negotiations will now begin with the companies, research institutes and universities whose projects have been selected, with a view to signing the first contracts in the autumn.

In view of the number and quality of the proposals selected, the Commission plans, with the agreement of the Advisory Committee and the Esprit Management Committee, to allocate more than the ECU 600 million originally earmarked for the projects selected following the first invitation to tender. Pending the outcome of the contract negotiations, the total value of the projects accepted could amount to ECU 560 million, i.e. half of the total amount allocated to Esprit II. The Community share of the funding would be ECU 780 million.

The projects proposed break down as follows: 30 % on microelectronics and peripheral technologies, 30 % on information processing systems, 20 % on computer-aided manufacturing and 20 % on integrated office systems. A number of the projects selected build on work already carried out under Esprit I<sup>1</sup> which has already yielded industrial successes, such as the Supernode project in the field of advanced data processing and CNMA in computer-integrated manufacturing.

Other proposals relate to new areas such as the 'electronic home' (the use of computers to control electrical appliances in the home) or the laying-down of European certification procedures for software which provide users with a guarantee that an item of software will perform to their specifications.

Particular emphasis is placed on enhancing Europe's capability in a number of areas such as integrated circuits for specific applications (particularly in consumer electronics), very high speed bipolar integrated circuits, non-volatile storage, parallel high-performance computers, new workstations capable of handling speech, data, text and graphics.

## Combined use of IT and telecommunications in general applications

### Delta programme<sup>2</sup>

2.1.36. The Commission has published a call for proposals<sup>3</sup> for the Delta exploratory action<sup>4</sup> in which over 3 000 organizations have already expressed interest.

### Drive programme<sup>5</sup>

2.1.37. The Commission has published an invitation to tender<sup>3</sup> for the Drive programme<sup>6</sup> in which over 3 000 organizations have already expressed interest and have been sent details of the work plan.

### AIM<sup>7</sup>

2.1.38. On 6 July Parliament approved (at first reading)<sup>8</sup> an amended proposal for an exploratory action in the field of information technology and telecommunications applied to health care.<sup>9</sup>

## Standardization

2.1.39. The Commission has sent CEN/Cenelec a new set of standardization requests in the context of the latter's work on standardization in the information technology and telecommunications fields in cooperation with the CEPT (European Conference of Postal and Telecommunications Administrations). These requests will result in the preparation of European

<sup>1</sup> OJ L 67, 9.3.1984, OJ L 81, 24.3.1984; Bull. EC 2-1984, point 1.3.1 *et seq.*

<sup>2</sup> Development of European learning through technological advance.

<sup>3</sup> OJ C 173, 2.7.1988.

<sup>4</sup> Bull. EC 6-1988, point 2.1.81.

<sup>5</sup> Dedicated road infrastructure for vehicle safety in Europe.

<sup>6</sup> Bull. EC 6-1988, point 2.1.83.

<sup>7</sup> Advanced informatics in medicine.

<sup>8</sup> OJ C 235, 12.9.1988.

<sup>9</sup> OJ C 214, 16.8.1988; Bull. EC 6-1988, point 2.1.84, OJ C 355, 31.12.1987; Bull. EC 7/8-1987, point 2.1.69.

standards or pre-standards (EN or ENV) on test specification related to existing ENV standards (European pre-standards), requirements for an interconnection system for audio, video and computer (AVC) equipment, electromagnetic compatibility, electronic components, ergonomic requirements for VDUs, and bar codes.

The first of these areas, where the aim is to produce standardized test sequences to verify conformance with existing ENVs, is especially important. It is closely linked with the CTS (conformance testing services) programme launched by the Commission in 1985 and with the certification activity in the information technology field. The results of the CTS projects with regard to test sequence specification represent a major contribution to this standardization process. Test sequence standardization is regarded as crucial to the harmonized development of conformance testing services throughout the world.

## Promotion of innovation

### Sprint programme

2.1.40. On 26 July the Commission sent the Council a proposal for a Decision on the implementation at Community level of the main phase of the strategic programme for innovation and technology transfer (Sprint) (1989-93).<sup>1</sup> The amount needed for carrying out this programme is estimated at ECU 130 million. A large proportion of that amount will be allocated as a matter of priority to less developed areas or areas in industrial decline.

The aim of the programme is to reinforce and lend a new dimension to the work being done in the experimental phase<sup>2</sup> (which will be completed at the end of this year).

Its main objectives are to enhance the innovative capability of European producers of goods and services with an eye to the completion of the internal market in 1992, to promote the rapid spread of new technologies throughout the economic fabric of the

Community, especially in regions or sectors of activity where these technologies have not yet been fully incorporated, thereby strengthening the economic and social cohesion of the Community in the field of innovation and technology transfer, and to improve the effectiveness and consistency of existing innovation instruments and policies at regional, national and Community level.

There are three main lines of action:

- (i) strengthening of the European innovation services infrastructure via the formation or consolidation of intra-Community networks of technology transfer and innovation support agencies (such as consultants, sectoral collective research centres, design, quality and value analysis specialists, science parks and technopoles);
- (i) support for transnational pilot projects on innovation transfer, focusing in particular on the application of existing technologies to targeted sectors chiefly in the less developed or industrially declining areas of the Community;
- (iii) improving the innovation environment through a better understanding of the processes involved, via a monitoring system and increased consultation and exchange of experience between Member States.

## Promotion of information services

### Information market

2.1.41. On 26 July, following Parliament's opinion<sup>3</sup> of 7 July on its common position, the Council adopted a Decision<sup>4</sup> on the establishment at Community level of a policy and a plan of priority actions for the development of an information services market.<sup>5</sup>

<sup>1</sup> COM(88) 426 final.

<sup>2</sup> OJ L 353, 15.12.1983; Bull. EC 10-1983, point 2.1.32; OJ L 153, 13.6.1987; Bull. EC 6-1987, point 2.1.56.

<sup>3</sup> OJ C 235, 12.9.1988.

<sup>4</sup> Bull. EC 6-1988, point 2.1.89.

<sup>5</sup> OJ C 249, 17.9.1987; Bull. EC 7/8-1987, point 2.1.71; OJ C 30, 4.2.1988; Bull. EC 1-1988, point 2.1.32.

Since 1987 the Commission has received over 700 expressions of interest in these projects, from both the public and private sectors in all the Member States. The priority sectors are image banks, information on standards, road transport information, tourist information and intelligent interfaces for electronic information services.

2.1.42. The Commission has published an advance notice of a call for proposals for pilot/demonstration projects in this field.<sup>1</sup> The first projects will get under way at the beginning of 1989.

### Removing language barriers

2.1.43. On 25 July the Council adopted,<sup>2</sup> following the favourable opinions of Parliament<sup>3</sup> and the Economic and Social Committee (→ point 2.4.53),<sup>4</sup> a Decision on the transition of the Eurotra programme<sup>5</sup> to its third phase.<sup>6</sup>

The third phase began on 1 July. The aims of the programme are first to carry out the additional work under this phase of the programme necessitated by the accession of Spain and Portugal, which has had the effect of increasing the number of language pairs from 42 to 72 and prolonging the third phase by six months and, secondly, to step up efforts in two critical areas identified in the review of the second phase, namely the writing of software and industrial development.

## Customs union and indirect taxation

### Customs union

#### *Customs procedures with economic impact*

#### Transitional measures relating to accession

2.1.44. On 5 July the Commission amended its Regulation of 10 February 1986

on transitional measures for the implementation of the arrangements for inward processing, outward processing and processing under customs control in trade between the Community as constituted on 31 December 1985 and Spain and Portugal and trade between the two Member States for such time as customs duties are levied in such trade.<sup>7</sup> The amendments are designed to strengthen industrial relations between the new Member States and the old Member States by simplifying certain procedures.

### Inward processing

2.1.45. On 25 July the Commission amended the Council Regulation of 24 November 1986 laying down provisions for the implementation of the Regulation of 16 July 1985 on inward processing relief arrangements.<sup>8</sup> The amendments concern specific measures relating to milk products.

### Customs warehouses, free zones and free warehouses

2.1.46. On 25 July the Council formally adopted<sup>9</sup> two Regulations on customs warehouses and on free zones and free warehouses the substance of which it had approved on 22 June.<sup>10</sup>

<sup>1</sup> OJ C 182, 12.7.1988.

<sup>2</sup> OJ L 222, 12.8.1988.

<sup>3</sup> OJ C 235, 12.9.1988.

<sup>4</sup> OJ C 237, 12.9.1988.

<sup>5</sup> OJ L 317, 31.12.1982; Bull. EC 11-1982, point 2.1.25; OJ L 341, 4.12.1986; Bull. EC 11-1986, point 2.1.64.

<sup>6</sup> Bull. EC 5-1988, point 2.1.50.

<sup>7</sup> Amending Regulation: OJ L 174, 6.7.1988; original Regulation: OJ L 36, 12.2.1986; Bull. EC 2-1986, point 2.1.50.

<sup>8</sup> Regulation of 16 July 1985: OJ L 188, 20.7.1985; Bull. EC 7/8-1985, point 2.1.40; Regulation of 24 November 1986: OJ L 351, 12.12.1986; Bull. EC 11-1986, point 2.1.67; Regulation of 25 July 1988: OJ L 200, 26.7.1988.

<sup>9</sup> OJ L 225, 15.8.1988.

<sup>10</sup> Bull. EC 6-1988, point 2.1.96.

## *Common Customs tariff/Combined Nomenclature*

### **Nomenclature**

2.1.47. On 26 July the Commission sent the Council a proposal<sup>1</sup> for a Regulation on the application of the Decisions of the EEC-Austria, EEC-Finland and EEC-Sweden Joint Committees amending the Agreements between the Community and those countries consequent on the entry into force of the Combined Nomenclature on 1 January.<sup>2</sup>

### *Origin*

2.1.48. On 8 July the Commission sent the Council a proposal for a Regulation on the implementation of a Decision of the EEC-Yugoslavia Cooperation Council (annexed as a proposal for a Decision) amending the Protocol on the definition of the concept of 'originating products' and methods of administrative cooperation consequent on the accession of Spain and Portugal.<sup>3</sup> The proposed Decision lays down the rules of origin for trade between Yugoslavia and the Canary Islands and Ceuta and Melilla and adopts certain technical measures.

## **Indirect taxation**

### *Removal of tax frontiers*

2.1.49. At its July session the Economic and Social Committee adopted opinions concerning all the proposals for Directives designed to remove tax frontiers,<sup>4</sup> the respective aims of which are:

- (i) to supplement the common system of value-added tax and amend the Directive of 17 May 1977<sup>5</sup> with regard to the approximation of VAT rates;<sup>6</sup>
- (ii) to supplement the common system of value-added tax and amend the Directive of 17 May 1977 with regard to the removal of tax frontiers;<sup>7</sup>

(iii) to institute a process of convergence of rates of value-added tax and excise duties;<sup>6</sup>

(iv) to approximate taxes on cigarettes;<sup>8</sup>

(v) to approximate taxes on manufactured tobacco other than cigarettes;<sup>8</sup>

(vi) to approximate the rates of excise duty on mineral oils;<sup>9</sup>

(vii) to approximate the rates of excise duty on alcoholic beverages and on the alcohol contained in other products;<sup>6</sup>

(viii) to set up a Community VAT clearing mechanism for intra-Community sales (→ points 2.4.54 to 2.4.61).

### *Turnover taxes*

2.1.50. On 19 July<sup>10</sup> the Council adopted, on a proposal from the Commission,<sup>11</sup> a Decision authorizing the Netherlands to apply a measure derogating from Article 21(1)(a) of the Sixth Council Directive of 17 May 1977 on the harmonization of the laws of the Member States relating to turnover taxes.<sup>5</sup> This proposal follows a request for a derogation submitted by the Dutch Government on 18 April under Article 27(1) of the Sixth Directive.

### *Tax reliefs*

2.1.51. On 7 July Parliament adopted an opinion (first reading)<sup>12</sup> on the proposal for a Directive amending for the ninth time the Directive of 28 May 1969<sup>13</sup> on the harmonization of provisions laid down by law,

<sup>1</sup> COM(88) 406 final.

<sup>2</sup> Combined Nomenclature: OJ L 256, 7.9.1987; Bull. EC 7/8-1987, point 2.1.80.

<sup>3</sup> COM(88) 375 final.

<sup>4</sup> Bull. EC 7/8-1987, point 1.2.1 *et seq.*

<sup>5</sup> OJ L 145, 13.6.1977.

<sup>6</sup> OJ C 250, 18.9.1987.

<sup>7</sup> OJ C 252, 22.9.1987.

<sup>8</sup> OJ C 251, 19.9.1987.

<sup>9</sup> OJ C 262, 1.10.1987.

<sup>10</sup> COM(88) 398 final.

<sup>11</sup> OJ L 269, 29.9.1988.

<sup>12</sup> OJ C 235, 12.9.1988.

<sup>13</sup> OJ L 133, 4.6.1969.



regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel,<sup>1</sup> proposing certain amendments of a technical nature.

2.1.52. Also on 7 July Parliament adopted a legislative resolution<sup>2</sup> embodying at the first reading its opinion endorsing the proposal for a Directive amending for the fifth time the Directive of 19 December 1974,<sup>3</sup> on the tax reliefs to be allowed for the importation of goods in small consignments of a non-commercial character within the Community<sup>4</sup>.

## Competition

### General rules applying to businesses

#### Competition in air transport

2.1.53. Acting under the powers conferred upon it by the Council as part of the package of air transport liberalization measures decided in December 1987,<sup>5</sup> on 26 July the Commission adopted three Regulations<sup>6</sup> which represent a further extension of the competition rules in this transport sector. This followed a process of consultation with the Member States, industry and other interested parties on the basis of Commission drafts.<sup>7</sup>

The first Regulation deals with agreements between airlines concerning joint planning and coordination of capacity, sharing of revenue, consultations on tariffs for scheduled air services, and slot allocation at airports. The conditions which the Commission imposes are aimed at ensuring that travellers benefit from such agreements, that airlines retain the widest possible measure of independence, and that the agreements do not weaken the position of airlines which are not party to them.

The second Regulation concerns the development and operation of computer reser-

vation systems. These systems will fall outside the competition rules provided they meet certain conditions aimed at safeguarding the normal interplay of competition between computer reservation systems and airlines. There must be free access to the system; there must be no bias between the airlines in the system; and carriers and travel agencies must be able to terminate their contracts without penalty, at fairly short notice.

The third Regulation authorizes agreements on ground handling services, subject to a number of conditions aimed at avoiding discrimination between airlines and preserving a choice of suppliers of such services.

2.1.54. On 7 July the Economic and Social Committee adopted opinions<sup>7</sup> on three proposals for Regulations on the application of Article 85(3) of the EEC treaty to certain categories of agreements relating to air transport (→ points 2.4.62 to 2.4.64).

### Restrictive practices, mergers and dominant positions: specific cases

#### Prohibited horizontal agreements British Dental Trade Association (BDTA)

2.1.55. On 11 July the Commission adopted a Decision imposing a fine on the BDTA for infringing the rules governing exhibitions of dental products and equipments between 1981 and 1988 and granting an exemption, pursuant to Article 85(3) of the EEC Treaty, in respect of its current exhibition policy, rules and regulations.<sup>8</sup>

<sup>1</sup> OJ C 102, 16.4.1988; Bull. EC 12-1987, point 2.1.93.

<sup>2</sup> OJ C 235, 12.9.1988.

<sup>3</sup> OJ L 354, 30.12.1974.

<sup>4</sup> OJ C 5, 9.1.1988; Bull. EC 12-1987, point 2.1.94.

<sup>5</sup> OJ L 374, 31.12.1987; Bull. EC 12-1987, points 2.1.272 and 2.1.280.

<sup>6</sup> OJ L 239, 30.8.1988.

<sup>7</sup> OJ C 138, 28.5.1988, Bull. EC 4-1988, point 2.1.69.

<sup>8</sup> OJ L 233, 23.8.1988.

The Commission departments discovered that from at least 1981 the BDTA had effectively excluded non-UK producers and suppliers from other Member States from exhibiting at its exhibitions where they were not already represented in the United Kingdom within the Association itself. As a result these undertakings were on each occasion deprived of an important opportunity to market their products in the United Kingdom or to determine whether they should enter this market, while at the same time the British dental profession was denied the possibility of seeing the widest range of products exhibited. Such discrimination on the part of the BDTA infringed the EEC competition rules. Moreover, the BDTA was aware that it did so, the Commission having already made clear its policy in this respect in the course of an earlier investigation of the Association. In view of these circumstances and in the light of the Commission's clear policy on trade fairs and exhibitions, a fine of ECU 100 000 was imposed on the BDTA for the infringement.

Following the Commission's investigation the BDTA modified its policy so as to remove all discrimination between members of the Association and non-members at future exhibitions. This decision once again confirms that the Commission is prepared to allow measures intended to improve the organization of trade fairs and exhibitions, provided that no excessive restrictions are imposed on the freedom to exhibit.<sup>1</sup>

### Permissible forms of cooperation

#### *Arbed/Unimetal*

2.1.56. On 14 July the Commission authorized agreements concluded on 7 February and 10 November 1987 between Arbed, Luxembourg, and Unimetal, Metz, for rationalizing and specializing their production of a range of long products including heavy beams, steel sheet piling, rails and other heavy sections.<sup>2</sup> The Commission considered that the agreements, which identify product sectors in which one or other of the parties is particularly efficient,

meet the conditions laid down in Article 65(2) of the ECSC Treaty. Within this framework the parties agree to rationalize their production facilities and to exchange certain production tonnages in order to improve plant utilization. The parties also agree to coordinate their investment policy in order to avoid duplication and overcapacity. The Commission's examination of these specialization agreements indicated that they should make a valuable contribution towards restructuring in the steel industry and a lowering of production costs.

### Distribution

#### *Verenigde Bloemenveilingen Aalsmeer*

2.1.57. On 26 July the Commission adopted a Decision declaring that agreements between the biggest flower auctioneer in the world, the Dutch cooperative society Verenigde Bloemenveilingen Aalsmeer, and dealers established on its premises constituted infringements of Article 85(1) of the EEC Treaty.<sup>3</sup>

VBA is a cooperative society with several thousand members which functions mainly through the holding of auction sales, at which not only members' products, but also products of other Dutch and foreign growers are put up for auction.

The provisions to which the Decision relates had the effect that the dealers could trade only in products offered or approved by VBA. Competition between suppliers offering their goods for sale through VBA and other undertakings was therefore restricted in relation to access to these dealers. As the dealers in question account for an appreciable part of the European flower trade, the Commission came to the conclusion that vertical integration of the dealers into the

<sup>1</sup> OJ L 140, 31.5.1983; Bull. EC 5-1988, point 2.1.48; OJ L 376, 31.12.1983; Bull. EC 12-1983, point 2.1.45; OJ L 322, 11.12.1984; Bull. EC 11-1984, point 2.1.37; OJ L 295, 18.12.1986; Bull. EC 10-1986, point 2.1.64.

<sup>2</sup> OJ L 223, 13.8.1988.

<sup>3</sup> OJ L 262, 22.9.1988.

VBA distribution system was incompatible with the common market.

On 1 May 1988 VBA put into effect new rules. VBA, which has notified them to the Commission, has undertaken further to modify these rules in order to bring them into conformity with the competition rules of the Treaty. As soon as the amendments have entered into force, the Commission will examine whether the modified rules can be considered for exemption.

## Abuse of dominant positions

### *British Sugar*

2.1.58. On 26 July, following a complaint lodged by Napier Brown, the UK sugar merchant, the Commission imposed a fine of ECU 3 million on British Sugar, for abuse of its dominant position on the UK sugar market, and thus infringing Article 86 of the EEC Treaty. The fine is substantially lower than might have been expected, particularly given that British Sugar forms part of the very large S. & W. Berisford group; the reduction is due to British Sugar's exemplary behaviour after it received the Commission's statement of objection.<sup>1</sup>

In 1985 Napier Brown, in association with Whitworths Holdings, decided to enter the retail sugar market, repackaging industrial sugar into 1 kg bags in competition with British Sugar and Tate & Lyle. Napier Brown considered that there was a very high margin between retail and industrial sugar prices, even though retail sugar is simply industrial sugar put into small packets. Napier Brown subsequently claimed that British Sugar was unfairly attempting to force it to withdraw from the retail sugar market, and requested the Commission to adopt interim measures. The Commission investigated the allegations and formed the view that British Sugar, which has a monopoly in the production of sugar from sugar beet in the UK and a share of about 58 % of the British market in granulated sugar, was abusing its dominant position; it sent British Sugar a statement of objections, informing it that it proposed to take interim

measures. British Sugar immediately offered the Commission undertakings on the points raised, and thereafter adopted a full programme designed to ensure its future compliance with all Community antitrust laws and regulations. The Commission accordingly took the view that no interim measures were necessary, but in its final Decision it found that up to 1986 British Sugar had taken action to drive Napier Brown from the market.

### *Tetra Pak*

2.1.59. On 26 July<sup>2</sup> the Commission took a decision intervening in the milk packaging market to preserve competition. The Commission considered that Tetra Pak, the largest producer of cartons and machines for packing milk in the Community, had infringed the rules of competition by acquiring an exclusive licence relating to the technology for a new method of sterilizing cartons suitable for long-life milk. Tetra Pak acquired this exclusive licence when it took over Liquipak, a small US producer of milk packing machines, which had an exclusive licence for the technology in question from the British Technology Group, a UK body responsible for licensing the fruits of public research.

The case originated with a complaint lodged by Elopak, a small competitor of Tetra Pak's which had been cooperating with Liquipak to develop a machine incorporating the new sterilization technology to a commercial stage of exploitation. By acquiring Liquipak and the exclusive licence, Tetra Pak not only deprived Elopak of the possibility of using this technology, thereby seriously delaying its attempt to enter the market for packaging long-life milk, but also strengthened its own dominant position in this field, where it has a market share of over 90 %. Although the exclusive licence fell within the scope of the Commission Regulation of 23 July 1984,<sup>3</sup>

<sup>1</sup> Bull. EC 7/8-1986, point 2.1.64.

<sup>2</sup> OJ L 272, 4.10.1988.

<sup>3</sup> OJ L 219, 16.8.1984; Bull. EC 7/8-1984, point 2.1.50.

which encourages licensing agreements designed to promote the development of more profitable techniques and new products likely to encourage competition, in this particular case the Commission considered that the licence had certain effects which were incompatible with the conditions laid down in Article 85(3) of the EEC Treaty, because there was no effective competition on the market in question. If Tetra Pak had not acceded to Commission pressure to renounce all claims to the exclusivity in question, the Commission would for the first time have withdrawn the benefit of a block exemption Regulation, under Article 9 of The Regulation. As a consequence of the Commission's action in this case the British Technology Group has stated that it is willing to enter into negotiations with Elopak for a non-exclusive licence.

## Joint ventures

### *Ford UK/Iveco*

2.1.60. On 25 July the Commission granted an exemption<sup>1</sup> for agreements between the two vehicle manufacturers Ford UK and Iveco to set up and operate a joint venture known as 'Iveco Ford'.<sup>2</sup> The joint venture is to take over the production and sale of the heavy vehicles previously manufactured by Ford UK as the 'Cargo' line. In addition, though only in the United Kingdom, the joint venture is for the time being to market the heavy vehicles manufactured by Iveco that are to supplement the Cargo line. Later—when Iveco's planned new generation of heavy vehicles replaces the Cargo line—the joint venture is to market the entire range of Iveco heavy vehicles in the UK. The agreements follow from Ford's decision to give up production of heavy vehicles in Europe. The partner's heavy vehicles distribution networks in the UK have been combined. There, the joint venture has the right to distribute the vehicles concerned under the combined marque 'Iveco Ford'. The distribution of heavy vehicles under the Iveco marque in all other countries of the Community is not affected by the cooperation between the

partners in the UK. The agreements exempted allow rationalization and a smooth transition from the old range of models to a new generation of vehicles, over a limited period and without undue restrictions of competition.

2.1.61. On 29 July the Commission issued a statement of objections to the companies which had launched a joint bid for Irish Distillers group (IDG), the sole producer of Irish whiskey, as the bid in question could restrict competition and infringe Article 85 of the Treaty. The bid had been launched by Cantrell and Cochrane (a subsidiary of Allied Lyons and Guinness) and Gilbeys of Ireland (a subsidiary of Grand Metropolitan), which had set up a joint venture company, GC & C Brands for this purpose. After examining a complaint by IDG, the Commission informed the abovementioned companies of its intention to impose interim measures ordering GC & C Brands or any company belonging to the group not to conclude any further agreements for the acquisition of IDG shares unless the Commission specifically approved the takeover bid. As a result of the Commission's intervention, the parties to the joint venture have decided to abandon not only their joint bid but also any other restrictive agreements between them. Each party will now be free to bid independently for IDG. In addition, the Commission has ensured that FII-Fyffes is released from its commitment to sell GC & C Brands its 20% holding in IDG, and is therefore free to sell them to the highest bidder. The Commission has also ensured that any subsequent sale of IDG assets will be subject to competitive tender and monitored by the Commission.

Following this clarification the Commission has withdrawn its objections and suspended its interim measures procedure; however, it can at any time use its powers of investi-

<sup>1</sup> OJ L 230, 19.8.1988.

<sup>2</sup> In July 1983 the Commission had already granted Iveco an exemption in respect of a cooperation agreement with Rockwell: OJ L 224, 17.8.1983; Bull. EC 7/8-1983, point 2.1.37.

gation to ensure that the undertakings given are fully respected.

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2.1.62. On 18 July the Commission for the first time issued a formal recommendation under Article 91 of the EEC Treaty aimed at putting an end to intra-Community dumping during the transitional period following the accession of Spain and Portugal. The recommendation is addressed to a Belgian producer, Union Chimique Belge; it concerns UCB's exports of choline chloride to Spain and is based on Article 8 of Council Regulation No 812/86 on protection against intra-Community dumping.<sup>1</sup> The Regulation gives a measure of protection to industry in the new Member States, during the transitional period for products which are still subject to customs duties and/or quantitative restrictions. It emerged from an investigation that choline chloride imported from Belgium was being sold at considerably lower prices in Spain than on the Belgian market. This caused material injury to the sole Spanish producer of the product. UCB has three weeks to inform the Commission whether or not it accepts the recommendation; if it does not the Commission may authorize Spain to introduce anti-dumping duties.

## State aid<sup>2</sup>

### General schemes

#### *Manufacturing industry*

##### Spain

2.1.63. On 26 July the Commission decided to raise no objection to three schemes of assistance to manufacturing industry.

The first, for the promotion of innovation in manufacturing industry, provides for grants of between 21 % and 32.5 % nge,<sup>3</sup> subject to certain overall ceilings, towards the cost of research and development and dissemination of technology. The total

budget for 1988 is PTA 1 268 million (ECU 9.2 million).

The second scheme, to encourage investment, provides for grants of between 13 % and 19.5 % nge towards the cost of projects, subject to overall ceilings, and subsidized loans with an aid intensity of between 2.9 % and 7.7 % nge, intended to promote investments needed for the modernization of the production structure in the Basque country. The total budget for 1988 is PTA 8 800 million (ECU 63.9 million).

The third scheme, to help industrial restructuring, introduces measures to accompany staff reductions resulting from restructuring operations. It provides for flat-rate assistance to supplement dismissed workers' unemployment benefit, and requires additional social security contributions. The budget for 1988 is PTA 960 million (ECU 6.9 million).

### Tourism

#### *Italy*

2.1.64. On 26 July the Commission decided to raise no objection to a scheme introduced by the Region of Friuli-Venezia Giulia, which would allow grants of an intensity varying from 55 % to 80 % of the cost of investment (up to a ceiling of ECU 40 000) in farm buildings and land by farmers planning to provide farmhouse holiday services. The total budget for 1988 is LIT 300 million (ECU 0.17 million).

### Industry schemes

#### *Motor vehicles*

##### United Kingdom

2.1.65. On 13 July the Commission adopted a conditional Decision authorizing

<sup>1</sup> OJ L 78, 24.3.1986.

<sup>2</sup> For State aid measures in agriculture see the 'Agriculture — competition' section.

<sup>3</sup> Net grant equivalent.

the UK Government to pay UKL 469 million to write off part of the debts of the Rover Group in the context of its sale to British Aerospace, and attaching certain conditions in respect of payment. The Commission's Decision brings to an end the inquiry initiated on 29 March, after the UK authorities had notified the Commission of their intention to grant an unspecified amount of aid to facilitate the sale.<sup>1</sup> The Commission came to the conclusion that of the UKL 800 million debt write-off subsequently notified only UKL 469 million was allowable; the remaining UKL 331 million had to be left on Rover's balance sheet, the cost being borne by the new owners, in order to avoid placing Rover in an artificially favourable position *vis-à-vis* its competitors. The Commission also limited to UKL 78 million the regional aid which may be granted towards investments under the Rover Group corporate plan for 1988-92 in areas which might qualify for such assistance. Although most of the Community car industry is currently operating at very high levels of capacity and making profits, there is a danger of the re-emergence of overcapacity. The planned move by Rover from mass car producer to specialist producer will reduce the danger of aid being used to expand capacity.

The Commission was concerned to ensure that this aid payment will be the last, particularly in view of the considerable aid already paid since 1975 to restructure British Leyland/Rover. During discussions with the Commission, the UK authorities undertook to refrain from paying any further aid in the form of capital contributions or any other form of discretionary aid. Furthermore, the parliamentary assurances given by successive UK Governments in relation to the Rover Group's obligations will no longer apply and the UK authorities will refrain from granting any new assurances.

The Commission will monitor the implementation of the corporate plan on the basis of detailed six-monthly reports on Rover Group's performance to be submitted by the UK authorities.

## Shipbuilding

### Germany

2.1.66. On 19 July the Commission decided to approve a German Government plan to grant aid to the Howaldtswerke Deutsche-Werft and Bremen Vulkan shipyards for the building of four container ships which will be sold to the Israeli shipping company ZIM. The aid represents development assistance given by German to Israel.

The Sixth Directive on aid to shipbuilding<sup>2</sup> provides for the prior notification of such development aid, which is also subject to an OECD agreement. Development aid is not subject to the 28% production aid ceiling laid down in the Directive, but it is examined by the Commission so that its development content can be verified and to ensure that it conforms to the OECD agreement.

Since the entry into force of the Directive on 1 January 1987 the Commission has already approved 14 cases of development aid. On the basis of this experience it is currently examining the criteria to be used to determine future eligibility for development aid.

### Germany and the Netherlands

2.1.67. On 19 July the Commission decided to initiate proceedings under Article 93(2) of the EEC Treaty in respect of a German plan to grant aid towards the construction of a wine tanker for a German shipowner. As yards in two different Member States were competing for this contract, the Commission assessed the plan notified by the German Government under Article 4(5) of the Sixth Directive on aid to shipbuilding.

In such cases the Commission will usually authorize only the lower aid level, unless it

<sup>1</sup> Bull. EC 3-1988, point 2.1.83.

<sup>2</sup> OJ L 69, 12.3.1987; Bull. EC 12-1986, point 2.1.122; Bull. EC 1-1987, point 2.1.49.

can be demonstrated that the higher level is necessary to retain the contract within the Community. Although a lower price had been offered by a non-Community yard the Commission concluded that it was not necessary to grant any aid, since the price offered by a Dutch yard with no aid support was below the price of the German yard.

#### United Kingdom

2.1.68. On 26 July the Commission decided to approve the aid measures proposed by the UK Government in connection with the sale of the British Shipbuilders subsidiary Govan Shipbuilders to the Norwegian-based Moss Rosenberg Verft.

The assets of Govan Shipbuilders will be transferred to a new BS subsidiary, Govan Ltd, whose shares will subsequently be purchased by Moss Rosenberg, changing the name to Kvaerner Govan Ltd. All liabilities will remain with BS. The Commission has established that the price paid by Moss Rosenberg for the shares does not contain an aid element, as the price corresponds to the value of the assets. As a consequence of the necessary adaptation of the yard to its future field of operation in gas ship technology BS will be responsible for the funding of various restructuring costs, consisting of investment aid of UKL 1.25 million and closure aid of UKL 19.6 million to fund redundancies of 500 out of the present 1 850 employees and to reduce capacity by closing one of the yard's present three berths.

As the investment aid is linked to the reduction of the yard's capacity, and the investment serves the specialization needs of the yard in an area where Community shipbuilding remains competitive, the Commission has concluded that the plan complies with Article 6 of the Sixth Directive. The Commission approved the closure aid on the ground that it is to be granted for genuine and irreversible closure of part of the yard, which is the prerequisite for the granting of such aid laid down in Article 7 of the Directive.

#### Pharmaceuticals

##### Belgium

2.1.69. On 6 July the Commission decided to close the investigation opened on 21 May 1986<sup>1</sup> into R&D aid to five pharmaceutical companies provided through the Belgian Irsia Institute (Institut pour l'encouragement de la recherche scientifique dans l'industrie et dans l'agriculture).

The Commission originally launched its inquiry following a Parliamentary Question from Mrs Van Rooy and Mr Beumer. Only after the opening of the procedure did the Belgian authorities notify the Irsia aid scheme to the Commission. The overall scheme was then examined and recently approved. The five individual aid payments, amounting in total to BFR 308 million or ECU 7.1 million, were granted in accordance with the usual Irsia rules. Since all the projects aided were in the area of basic R&D and related to the elaboration of new methodologies and certain biological and biochemical studies rather than to the development of particular products the Commission decided to close its investigation and to approve the aid.

##### Steel

##### Germany

2.1.70. On 26 July the Commission decided to raise no objection to the formation of the new company Maxhütte Neu following the liquidation of the Bavarian steel company Maxhütte in 1987. The new company will be launched with a minority shareholding held by the Land of Bavaria and the participation of a number of private and publicly-owned steel companies such as Thyssen, Lechstuhlwerke, Saarstahl, Krupp, Klöckner and Mannesmannröhrenwerke. The company will be considerably restructured: its Haidhof site will be closed in stages, bringing a capacity reduction of 552 000 tonnes per annum, and the work-

<sup>1</sup> Bull. EC 5-1986, point 2.1.56.

force will fall from 4 500 to 1 490. The Commission was satisfied that the Land of Bavaria shareholding did not contain any element of State aid, given the viability and profitability prospects and the fact that a considerable proportion of the venture capital will be provided by other steel companies which will be responsible for the running of the new company.

2.1.71. On the same day the Commission approved assistance which the German Federal and *Länder* authorities propose to grant to steelworkers in order to ease the social consequences of the continuing restructuring of the steel industry. The Federal Government has agreed to contribute two-thirds of a budget of DM 250 million, with the remaining third being funded by the *Länder*; the aid will be paid to those losing their jobs as a result of closures of steel plants decided before 1 October 1988 and to be carried out before 31 December 1990 at the latest. Aid, which may not exceed 50% of payments made, will be paid for early retirement, indemnities for loss of salary, and pension compensation.

Having examined the proposal in the light of the rules governing aid to the steel industry, the Commission decided that it was fully compatible with its 1985 Aid Code,<sup>1</sup> and approved it subject to the usual prior notification of each individual case.

#### Spain

2.1.72. On 26 July the Commission decided to initiate proceedings under Article 6(4) of the Steel Aid Code and Article 93(2) of the EEC Treaty in respect of aid granted by the Spanish Government to P. Echeverria, a producer of processed steel products, most of which are non-ECSC products. The company is undertaking an important investment which has been approved by the Commission under Article 54 of the ECSC Treaty. In order to finance the investment the company has obtained a loan under normal market conditions. However, the Basque authorities decided to grant an interest subsidy on the loan without informing

the Commission. The subsidized loan was designed only to finance the non-ECSC and R&D investments in general. Under the strict rules which apply to the steel industry the aid should have been notified both under the Aid Code and under the ECSC Treaty. On the basis of the information presently available to it, the Commission cannot confirm the compatibility of the aid with the common market.

#### Italy

2.1.73. On 26 July the Commission initiated Article 93(2) proceedings in respect of an increase in the capital of the tubemaker Dalmine, 85% of which was subscribed by the majority shareholder Finsider.

On 15 June the Commission had initiated proceedings under Article 88 of the ECSC Treaty in respect of a 100% guarantee of Finsider's debts approved by its principal shareholder, the State holding company IRI, on 10 May, in the context of Finsider's voluntary liquidation; the Commission felt that in practice it was the State which would ultimately have to honour the guarantee, and that this financial arrangement therefore constituted State aid contrary to Article 4(c) of the ECSC Treaty.<sup>2</sup> In the same way the Commission took the view that it is only by incurring further State-guaranteed debts that Finsider can contribute fresh capital to Dalmine; Finsider's debts exceed its turnover, and in 1987 its losses were equivalent to 17% of its turnover. The increase in capital would offset a substantial proportion of the losses incurred in the past by Dalmine, which operates in an industry where there is very large overcapacity in the Community, and the Commission has concluded that there are elements of State aid here which are liable to distort competition to an extent contrary to the common interest.

<sup>1</sup> OJ L 340, 18.12.1985; Bull. EC 11-1985, points 2.1.23 and 2.1.25.

<sup>2</sup> Bull. EC 5-1988, point 2.1.72; Bull. EC 6-1988, point 2.1.121.



## Portugal

2.1.74. On 26 July the Commission decided to initiate proceedings under Article 88 of the ECSC Treaty against the Portuguese Government, which had notified its intention of granting regional investment aid to the steelmaker Aços Tom Feteira. Since such aid cannot be approved either under the special provisions of Protocol No 20 of the Portuguese Treaty of Accession or under the existing Aid Code, the Commission believes that the aid is contrary to Article 4(c) of the ECSC Treaty.

## *Synthetic fibres*

2.1.75. On 28 July the Commission decided to drop its objections to aid which the French Government plans to grant to Filature du Hainaut, in Valenciennes. On 2 March the Commission had initiated Article 93(2) proceedings in respect of the plan to grant assistance of FF 5 million to the company, which intended to set up a production unit for polypropylene filament yarn. On the information available then the Commission took the view that substitute products were readily available in the Community and that any new capacity would only aggravate the existing overcapacity.<sup>1</sup>

In the course of the proceedings the French Government informed the Commission in detail about the special characteristics of the investment project, which is based on a totally new extrusion technology patented in the Community and elsewhere. This technology leads to product characteristics which differ significantly from all previous polypropylene filament yarns and other synthetic yarns, and enables the new very fine filament yarn to be commercially used in applications which have not been available previously in various types of clothing.

On the basis of the new evidence submitted, the Commission decided that the proposed assistance for the project would not harm other producers of polypropylene and com-

peting synthetic yarns in the Community since they serve different markets which will remain unaffected by the introduction of the new yarn. Moreover, it regarded the proposed aid as facilitating—albeit on a small scale—the strengthening of the technological base of the synthetics and textiles and clothing industries in the Community as well as facilitating the development of their international competitiveness, as new technologies opening up new markets can and will be one important way of successfully resisting the growing pressure from low-cost sources, both in yarns and in clothing.

The new investment will be located in Valenciennes, an area of industrial decline and high unemployment, which has been approved by the Commission as eligible for regional aid. The aid will contribute to the resolution of the social and regional difficulties of the area by reducing unemployment through job creation.

## *Textiles*

### Italy

2.1.76. On 26 July the Commission decided that assistance of LIT 260 billion (ECU 184 million) paid to the clothing subsidiaries of the Italian textile company Lanerossi was granted illegally, was incompatible with the common market, and should be repaid to the Italian State.

For many years the Italian State holding company ENI has covered the losses of these Lanerossi subsidiaries. In 1983 the Commission approved around ECU 100 million aid for Lanerossi, but warned that any further aid would not be accepted. However, in 1984 it was again confronted with evidence of further loss compensation and decided to initiate investigation proceedings under Article 93(2).<sup>2</sup>

<sup>1</sup> Bull. EC 3-1988, point 2.1.85.

<sup>2</sup> Bull. EC 12-1984, point 2.1.70.

In 1983 Lanerossi accounted for 2.5 % of Italian production of men's outerwear and exported 14.5 % of its production. Between 1983 and 1987 the subsidiaries of Lanerossi made losses totalling LIT 260 billion (ECU 184 million), which equalled their turnover. They were relieved of all losses thanks to annual capital injections from ENI, and no restructuring was undertaken. Faced with such heavy losses, and having decided that there was no possibility of restructuring the companies' activities, ENI decided to withdraw from the clothing industry. Most of the subsidiaries were sold off to the private sector, 38 % of the workforce were given early retirement and the remaining 62 % were transferred to other textile, shoe and leather activities under private ownership.

Since ENI received regular capital injections from the Italian State in order to cover Lanerossi's clothing losses, and because, in the Commission's view, ENI was not acting as a private investor under normal market conditions, the Commission decided to treat all of the ECU 184 million capital injections as aid. In view of the fact that the sensitive textile sector was going through a difficult structural adjustment process during the period under examination, the Commission could find no justification for the aid which had allowed Lanerossi to operate in the clothing sector despite massive losses and without ever becoming viable. It considered that intra-Community trade had been adversely affected by the aid, a view supported by several Member States and textile federations who had complained to the Commission. Although several Lanerossi plants were located in the Mezzogiorno, the Commission decided that this could not be used to justify the aid since it did not contribute to the lasting development of the region, particularly since the clothing subsidiaries of Lanerossi could not become viable companies. Under the terms of the Decision the Italian authorities have two months in which to comply.

The Commission also approved the Italian Government's request to grant an interest subsidy of LIT 2.7 billion (ECU 1.8 million)

to a former ENI subsidiary, Lanerossi SpA Vicenza. The proposed aid, to be granted under Act No 675/1977, was considerably amended by the Italian Government during the course of the investigation initiated by the Commission. The modified aid is designed to facilitate genuine restructuring of this wool textile producer; it involves considerable reductions in capacity and workforce, and is linked to an investment programme of LIT 22.9 billion (ECU 15.2 million).

*Textile, paper, wood-processing  
and household articles*

#### Greece

2.1.77. On 20 July the Commission approved State aid granted under the Greek Act No 1386/1983 to eight companies which had earlier been taken over by the Industrial Reconstruction Organization under the same Act. The companies are the textile manufacturers Michailidis (DR 4 873 million), Pournara (DR 787 million), and Velka (DR 8 211 million); the paper producers Athens Paper Mills (DR 30 900 million), Thessaly Paper Mills (DR 11 100 million), and Macedonian Paper Company (DR 11 800 million); the wood-processing company Epas (DR 6 062 million); and the household articles manufacturer Elinda (DR 13 500 million).

On the basis of comprehensive financial and economic restructuring programmes to be carried out by the companies, with substantial capacity and workforce reductions, the Commission considered that the aid, which had taken the form of debt capitalization, was in conformity with Community policy on industry schemes, particularly in sensitive sectors such as textiles and wood-processing. In approving the assistance the Commission also took into account its earlier decision to approve Act No 1386/1983 as a State aid measure which could contribute to remedying a serious disturbance in the Greek economy, and the provision of Protocol No 7 of the Greek Act of Accession.

## Financial institutions and company law

### Financial institutions

#### *Stocks and transferable securities*

2.1.78. On 23 August the Council adopted a common position on the proposal for a Directive on the information to be published when a major holding in a listed company is acquired or disposed of.<sup>1</sup> This will now be sent to Parliament for a second reading.

The Directive is designed to introduce at Community level an appropriate information policy for investors in the field of transferable securities in order to improve the transparency of these markets and to help to establish a genuine European capital market. Investors and the public at large will be informed of major holdings and of changes affecting voting rights above certain thresholds in Community companies the shares of which are officially listed on stock exchanges situated or operating within the Community.

Where a natural person or legal entity acquires or disposes of a holding with the result that the proportion of voting rights held reaches, exceeds or falls below one of the thresholds of 10 %, 20 %,  $\frac{1}{3}$ , 50 % or  $\frac{2}{3}$ , he must notify the company and at the same time the competent authorities within seven days. The Member States also have the option of applying a single threshold of 25 % instead of 20 % and  $\frac{1}{3}$ , and a single threshold of 75 % instead of  $\frac{2}{3}$ .

Such information may play a crucial role in the investment or disinvestment decisions of the public. The proposal therefore follows on from the work already undertaken to set in place a genuine information policy for investors. It also marks an important milestone in the formulation of a Community policy on takeovers since, unlike the present situation in most Member States, it will oblige persons intending to launch a

takeover bid to reveal their holdings once these exceed 10 % of the voting capital.

## Employment, education and social policy

### Employment

#### Employment and the labour market

2.1.79. On 8 July<sup>2</sup> the Commission published an invitation to tender by open procedure in accordance with the Council conclusions of 1 December 1987 on action to combat long-term unemployment.<sup>3</sup> The Commission's intention is to implement, as part of a future action programme in favour of the long-term unemployed, a system to survey, analyse and disseminate information on projects and schemes carried out in the Member States concerning long-term unemployment.

#### Sectoral aspects of employment policy

2.1.80. The Commission has published<sup>4</sup> three invitations to tender for its study programme on the social consequences of information technology.<sup>5</sup> The Commission plans to assign to experts or research institutes the task of carrying out studies on the transformation of industrial processes from discontinuous to continuous processes and the emergence of 'process' workers, on technological innovation and accompanying measures, and on employment, skill composition and wages in the European electronics industry.

<sup>1</sup> OJ C 351, 31.12.1985; Bull. EC 12-1985, point 2.1.83; OJ C 255, 25.9.1987; Bull. EC 9-1987, point 2.1.73.

<sup>2</sup> OJ C 179, 8.7.1988.

<sup>3</sup> OJ C 335, 15.12.1987, Bull. EC 12-1987, points 2.1.138 and 2.1.139.

<sup>4</sup> OJ C 233, 9.9.1988.

<sup>5</sup> COM(84) 6 final; Bull. EC 1-1984, point 1.3.1 *et seq.*

**Financial instruments****European Social Fund**

2.1.81. On 26 July the Commission set the rates of assistance from the European Social Fund towards expenditure on recruitment, settlement and employment subsidies for 1989,<sup>1</sup> as referred to in Article 1(c) of the Regulation of 17 October 1983.<sup>2</sup>

The amounts per person per week are as follows:

Belgium	BFR	1 658
Denmark	DKR	501
Germany	DM	107
Greece	DR	2 920
Spain	PTA	5 708
France	FF	247

Ireland	IRL	30
Italy	LIT	54 100
Luxembourg	LFR	2 080
Netherlands	HFL	105
Portugal	ESC	2 198
United Kingdom	UKL	28

**Measures for ECSC workers**

2.1.82. In July the Commission approved a further batch of readaptation aid measures under Article 56(2)(b) of the ECSC Treaty. The aid consists mainly of income supplements, mobility allowances and aid for vocational training. As with the previous aid allocation,<sup>3</sup> the demand for aid exceeded the ECSC funds available and so the Commission was obliged to reduce the level of its contribution to the financing of the measures in question. Table 1 gives a breakdown of the aid granted.

Table 1 — *Readaptation aid to workers in the coal and steel industries — Breakdown of the aid*

	Coal industry		Steel industry	
	Workers	Amount (ECU)	Workers	Amount (ECU)
FR of Germany			6 103	17 651 250
Greece			327	407 250
Spain	837	2 758 250		
Total	837	2 758 250	6 430	18 058 500

**Special financial support for Greece**

2.1.83. On 27 July<sup>4</sup> the Commission sent to the Council a proposal for an amendment of the Regulation of 26 March 1984 on exceptional financial support in favour of Greece in the social field.<sup>5</sup> This proposal envisages a three-year extension, beyond 31 December 1988, of the period of validity of the Regulation, which grants financial support intended for the construction, adaptation and equipping of vocational training centres in the Athens region and of centres for the rehabilitation of physically and mentally ill and handicapped persons, the reason being that the programmes could

not be completed within the periods provided for; the proposal also involves an extension of the range of eligibility under the Regulation to include expenditure on assessment, monitoring, and technical assistance. The Commission proposal envisages, furthermore, the introduction of a system to monitor the programmes financed by the Community and the transformation

<sup>1</sup> OJ L 234, 24.8.1988.

<sup>2</sup> OJ L 289, 29.10.1983; Bull. EC 10-1983, point 2.1.57.

<sup>3</sup> Bull. EC 6-1988, point 2.1.139.

<sup>4</sup> OJ C 209, 9.8.1988.

<sup>5</sup> OJ L 88, 31.3.1984; Bull. EC 3-1984, point 2.1.141.

of the management committee set up under the Regulation into an advisory committee.

## Education and vocational training

### Higher education

2.1.84. Under the Erasmus programme<sup>1</sup> for the academic year 1988-89,<sup>2</sup> the Commission on 26 July approved further allocations of financial assistance<sup>3</sup> in the form of visit grants for teaching staff in institutes of higher education (1 267 applications accepted from a total of 2 611 beneficiaries) and grants to university associations and certain publications (35 applications accepted). The Commission also decided to consider an additional list of inter-university cooperation programmes (five programmes of intensive seminars and three joint educational development projects).

2.1.85. On 27 July the Commission published<sup>4</sup> a call for expressions of interest from universities in connection with the European Community course credit transfer system (ECTS) provided for in the Erasmus programme.<sup>1</sup> The system, which has been established with a view to increasing the mobility of university students, is designed to make it possible to take account of periods of study in another Community country or recognize diplomas issued there. Universities are invited to participate in a pilot phase which will span six academic years, starting in 1989, and will cover five subject areas.

### New technology

#### *Comett programme*

2.1.86. On 16 July<sup>5</sup> the Commission published a notice of invitation to tender within the framework of the evaluation procedure for the Comett programme.<sup>6</sup> The Commission is seeking the technical support of one or more organizations which will be required to propose a methodological approach for carrying out the evaluation

work involved and to carry out various evaluation tasks.

2.1.87. On 26 July the Commission forwarded to the Community a communication comprising two proposals for Decisions concerning a continuation of the university-enterprise cooperation programme on technological training (Comett II) and an opening-up of the Comett II programme to the countries of the European Free Trade Association (EFTA) and cooperation with international organizations.<sup>7</sup> The main objectives of this second phase of the Comett programme are to improve the provision of training at local, regional and national level, to give a European dimension to cooperation between universities and enterprises in initial and continuing training relating to technologies and applications and transfer of technologies, to foster the joint development of training programmes and the exchange of experience, and to develop the level of training in response to technological and social changes. This second phase is due to commence on 1 January 1990 and extend over five years. The overall budgetary funding which the Commission considers necessary amounts to ECU 250 million.

2.1.88. Subsequent to the invitation to tender published on 23 December 1987,<sup>8</sup> the Commission, on 26 July, took a decision concerning the third round of the initial Comett programme.<sup>6</sup> Financial assistance will be provided for 17 new university-enterprise training partnerships (UETPs), 170 new transnational student placements in industry, 70 fellowships for industrial and university staff, 86 joint continuing training projects and 33 multinational

<sup>1</sup> OJ L 166, 25.6.1987; Bull. EC 5-1987, points 1.3.1 and 1.3.2.

<sup>2</sup> Bull. EC 10-1987, point 2.1.79; Bull. EC 12-1987, point 2.1.142.

<sup>3</sup> Bull. EC 6-1988, point 2.1.142.

<sup>4</sup> OJ C 197, 27.7.1988.

<sup>5</sup> OJ C 186, 16.7.1988.

<sup>6</sup> OJ L 222, 8.8.1986; Bull. EC 7/8-1986, point 2.1.95.

<sup>7</sup> OJ C 239, 14.9.1988.

<sup>8</sup> OJ C 348, 23.12.1987; Bull. EC 12-1987, point 2.1.147.

initiatives for the development of multi-media training systems. The total Community financing for this third instalment amounts to ECU 8.4 million.

### **Exchange of young workers**

2.1.89. On 11 July<sup>1</sup> the Commission sent to the Council its first report covering the first three years of implementation of the third joint programme of exchange of young workers (1985-87).<sup>2</sup> Drawn up in accordance with the Decision of 19 December 1984 establishing the programme,<sup>2</sup> the report highlights the success of this initiative in which 7 759 young persons took part, approximately half of whom were women, and which covered all sectors, the services sector accounting for over 50 % of all the exchanges. Applications to participate in the programme were four times more numerous than the funds available allowed and the number of participants increased markedly over the programme's three-year duration. The existence in all the Member States of an effective infrastructure for the implementation of exchanges has enabled the Commission to develop a more diversified system, capable of correcting sectoral and geographical imbalances.

### **Living and working conditions and social protection**

#### **Equal opportunities for men and women**

2.1.90. On 8 July Parliament adopted two resolutions, one on the position of women in Spain and Portugal as regards their conditions of work and employment, and one on equal opportunities for boys and girls in the field of education and vocational training (→ point 2.4.24).<sup>3</sup>

2.1.91. On 14 July the Commission published an invitation to tender by open procedure under the medium-term Community programme on equal opportunities for women (1986-90).<sup>5</sup> The Commission is seeking an organization to manage a new initiative, entitled 'Iris', which involves the

setting-up of a Community-wide network of demonstration projects on vocational training for women.

### **Health and safety**

#### **Public health**

2.1.92. On 8 July Parliament adopted a resolution on a charter on the rights of women in childbirth (→ point 2.4.24).<sup>3</sup>

2.1.93. On 7 July the Economic and Social Committee delivered opinions<sup>6</sup> on two proposals for Council Directives on the approximation of the laws, regulations and administrative provisions of the Member States concerning the labelling of tobacco products<sup>7</sup> and the maximum tar yield of cigarettes<sup>7</sup> (→ points 2.4.65 and 2.4.66).

#### **Health and safety at work**

2.1.94. On 26 July the Commission forwarded to the Council a communication concerning ILO report VI 1989 on safety in the use of chemicals.<sup>8</sup> This International Labour Office report, the subject matter of which is fully covered by a number of Council directives, contains a questionnaire, the draft Community replies to which are being forwarded by the Commission to the Council. Following adoption by the Council, the replies will be sent by the Commission to the ILO, at the same time as the results of consultation with the two sides of industry passed on to the Commission by the Member States.

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<sup>1</sup> COM(88) 382 final.

<sup>2</sup> OJ L 331, 19.12.1984; Bull. EC 12-1984, point 2.1.93.

<sup>3</sup> OJ C 235, 12.9.1988.

<sup>4</sup> OJ C 184, 14.7.1988.

<sup>5</sup> OJ C 356, 31.12.1985; Supplement 3/86 — Bull. EC.

<sup>6</sup> OJ C 237, 12.9.1988.

<sup>7</sup> OJ C 48, 20.2.1988; Bull. EC 1-1988, point 2.1.48.

<sup>8</sup> COM(88) 405 final.

## Culture

### Conservation of the architectural heritage

2.1.95. As part of its efforts to help conserve the Community's architectural heritage, and following its communication on a fresh boost for culture in the European Community<sup>1</sup> and Parliament's initiatives in this area,<sup>2</sup> the Commission granted further aid<sup>3</sup> amounting to ECU 2.7 million for work on the restoration of 30 monuments and sites of historical or architectural interest. This year's programme, which was drawn up on the basis of the results of the call for the submission of pilot projects published in February,<sup>4</sup> may be regarded as a great success and it represents a step towards more determined action to protect and promote Europe's architectural heritage. The extent of this success can be gauged by the increasing number of projects submitted to the Commission for financial aid and the amounts granted. An international selection committee consisting of nine eminent experts in the fields of archaeology, architecture and restoration, chaired by Mrs Vlad-Borrelli, selected 30 projects for which the aid requested totalled some ECU 9 million. In order to maintain a historical and geographical balance among the wide variety of monuments selected, the selection committee's choice covered a period stretching from the 16th century BC to the 20th century AD.

## Regional policy

### Coordination and programmes

#### Economic situation and development of the regions

##### *Periodic report*

2.1.96. On 8 July Parliament adopted an opinion<sup>5</sup> on the Commission's third per-

iodic report on the economic situation and development of the regions of the Community (→ point 2.4.24).

### Financial instruments

2.1.97. On 29 July the Commission sent to the Council a package of proposals for Regulations to implement the Regulation on the reform of the structural Funds, including the ERDF (→ point 1.1.10).

### *European Regional Development Fund*

#### Programme preparation

##### *Renaval programme*

2.1.98. On 26 July the Council adopted the proposal<sup>6</sup> for a Regulation instituting a Community programme to assist the conversion of shipbuilding areas (Renaval).<sup>7</sup> Over the period 1988-93, this multiannual programme is to provide back-up for the efforts at restructuring undertaken in certain areas heavily dependent on shipbuilding. By encouraging the establishment of new economic activities, it should help to provide alternative jobs in the areas facing the severest job losses in shipbuilding.

The Commission will determine which areas are eligible in the light of sectoral and socio-economic criteria; however, two areas, Murcia in Spain and Setubal in Portugal, will be able to take part in the programme as soon as it gets under way. The ERDF is expected to contribute ECU 200 million, to be concentrated in the first three years of the programme (1988-90); this amount will be re-examined at a later date.

<sup>1</sup> Supplement 4/87 — Bull. EC; Bull. EC 12-1987, point 1.2.2 *et seq.*

<sup>2</sup> OJ C 122, 9.5.1988; Bull. EC 4-1988, point 2.4.19.

<sup>3</sup> Bull. EC 10-1987, point 2.1.98.

<sup>4</sup> OJ C 55, 26.2.1988; Bull. EC 2-1988, point 2.1.90.

<sup>5</sup> OJ C 235, 12.9.1988.

<sup>6</sup> OJ L 225, 15.8.1988.

<sup>7</sup> OJ C 291, 31.10.1987; Bull. EC 7/8-1987, point 2.1.146; Bull. EC 4-1988, point 2.1.102, Bull. EC 6-1988, point 2.1.152.

Grants will be made on the basis of the job losses recorded in shipbuilding in recent years (not earlier than 1 January 1984) or of those expected in the areas concerned.

The Regulation provides the framework within which the Commission will determine, in the light of job losses in shipyards and their socio-economic repercussions in the regions, which areas are to qualify for assistance under the Renaval programme. Member States will then submit assistance programmes for the Commission's approval. These may include measures for the regeneration of derelict industrial sites, investment aid for small businesses, support for a variety of business services, and financing for infrastructure projects that contribute to the development and adaptation of job-creating economic activities. The amount of Community assistance may not exceed the maximum permitted under the present Fund Regulation.

#### *Resider programme*

2.1.99. On 11 July the Commission decided<sup>1</sup> that three labour-market areas in North Rhine-Westphalia (Germany) were eligible for assistance under the Community programme to assist the conversion of steel areas (Resider).<sup>2</sup>

#### **ERDF grants**

##### *Programmes*

2.1.100. On 27 July the Commission approved the first two programmes of assistance (1988-90) under the Resider programme.<sup>2</sup> The areas involved are:

(i) South Yorkshire and Scunthorpe in the United Kingdom, with the ERDF contributing a total of ECU 5.41 million for the development of small businesses, the improvement of the local environment and the expansion of tourism;<sup>3</sup>

(ii) Saarland in Germany, with the ERDF contributing ECU 13.69 million for the regeneration of derelict industrial sites and the development of small businesses; this

constitutes the follow-up to a special programme approved in 1984.<sup>4</sup>

2.1.101. On 27 July the Commission approved ERDF grants for four national programmes of Community interest (NPCIs):

(i) ECU 50.15 million over four years (1 January 1988 to 31 December 1991) for the NPCI for Lower Saxony (Germany);

(ii) ECU 53.84 million over three years (1 July 1988 to 1 July 1991) for the NPCI for Schleswig-Holstein (Germany);

(iii) ECU 44.06 million over five years (1 January 1988 to 31 December 1992) for the NPCI for Alto Alentejo (Portugal);

(iv) an increase to ECU 20.72 million in ERDF assistance for the NPCI forming part of the IMP for Midi-Pyrénées.<sup>5</sup>

2.1.102. On 27 July the Commission approved two special programmes under the former ERDF 'non-quota' section.<sup>6</sup> They concern the Italian provinces of Naples (ERDF assistance of ECU 13.9 million) and Taranto (ERDF assistance of ECU 14.6 million). The two-year programmes (1988-89) are in two parts; the first concerns investment aid for small businesses, and the second, which is being directly managed by the regions covered, concerns the regeneration of derelict industrial sites and the development of business services.

2.1.103. At the same time the Commission granted an additional ECU 3 million for operations already in progress under the special non-quota programme for steel areas in the United Kingdom.<sup>7</sup> The areas concerned are the counties of Cleveland, Clwyd, Gwent, Humberside, South Yorkshire and Strathclyde.

<sup>1</sup> OJ L 221, 12.8.1988.

<sup>2</sup> OJ L 33, 5.2.1988; Bull. EC 2-1988, point 2.1.92.

<sup>3</sup> Bull. EC 6-1988, point 2.1.54.

<sup>4</sup> OJ L 249, 18.9.1984; Bull. EC 5-1984, point 2.1.102.

<sup>5</sup> OJ L 12, 16.1.1988; Bull. EC 7/8-1987, point 2.1.153.

<sup>6</sup> OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.54.

<sup>7</sup> OJ L 27, 31.1.1984; Bull. EC 1-1984, point 2.1.54; Bull. EC 12-1986, point 2.1.167.



*Projects*

2.1.104. On 27 July the Commission approved the seventh allocation of ERDF grants for 1988 (see Table 2).

The total of ECU 232.31 million breaks down as follows:

(i) ECU 17.98 million to help finance six projects in industry, craft industries and the services sector;

Table 2 — *ERDF grants: seventh 1988 allocation*

	Number of grant decisions	Number of investment projects	Investment assisted (million ECU) <sup>1</sup>	Assistance granted (million ECU) <sup>1</sup>
Belgium	—	—	—	—
Denmark	1	1	1.82	0.38
Germany	—	—	—	—
Greece	—	—	—	—
Spain	12	13	139.70	54.79
France	3	3	26.79	13.16
Ireland	—	—	—	—
Italy	10	10	169.30	78.95
Luxembourg	—	—	—	—
Netherlands	—	—	—	—
Portugal	3	3	116.11	47.79
UK	11	13	204.51	37.24
Total	40	43	658.22	232.31

<sup>1</sup> Converted at July 1988 rates.

(ii) ECU 213.84 million to help finance 35 infrastructure projects;

(iii) ECU 490 000 to help finance two projects for exploiting indigenous development potential: a technology centre at Ringkøbing in Denmark (ECU 370 000) and an association of firms in Portugal (ECU 120 000).

(iii) five special programmes in Italy, and adaptations to a programme in the United Kingdom (→ point 2.1.103);

(iv) 40 investment projects, including two to exploit indigenous development potential (→ point 2.1.104).

### Fund Committee

2.1.105. The Fund Committee met on 8 July to give its opinion on draft grant decisions concerning:

(i) two programmes to assist the conversion of steel areas (→ point 2.1.100);

(ii) three NPCIs (→ point 2.1.101);

### Business and innovation centres

2.1.106. On 7 July the Commission amended its proposal for a Decision concerning a Community measure for the creation and development of business and innovation centres and their network (→ point 2.1.10).

2.1.107. On 19 July the Commission decided to make a financial contribution under Article 543 of the 1988 budget

towards two schemes to redevelop declining industrial areas in Enschede (Netherlands) and Clermont-Ferrand (France). The aid (ECU 86 000 and 220 000 respectively) is intended to enable business and innovation centres to be set up.

### ***Aid for disaster victims***

2.1.108. In July the Commission decided to make emergency aid grants of ECU 800 000 to the victims of the Piper Alpha oil rig disaster and of ECU 400 000 to the victims of the floods that had occurred in the Spanish Basque country earlier in the month.

2.1.109. On 7 July Parliament adopted two resolutions on the damage caused by violent storms in the south-western regions of France and on the disastrous position of Portuguese agriculture due to abnormal weather conditions (→ point 2.4.24).<sup>1</sup>

## **Coordination of structural instruments**

### **Reform of the structural Funds**

2.1.110. On 29 July the Commission sent the Council four proposals for Regulations to implement the framework Regulation concerning the tasks of the structural Funds, their effectiveness and the coordination of their activities between themselves and with the operations of the European Investment Bank and other existing financial instruments (→ point 1.1.1 *et seq.*).

### **Integrated Mediterranean Programmes**

2.1.111. On 12, 19 and 22 July<sup>2</sup> the Commission formally approved Italian IMPs for Basilicata,<sup>3</sup> Sardinia<sup>4</sup> and the Northern Adriatic Lagoons.<sup>5</sup>

2.1.112. On 22, 28 and 29 July the Commission concluded with the Italian authorities concerned programme contracts imple-

menting IMPs in respect of the following regions: Liguria<sup>6</sup> and Sardinia,<sup>4</sup> the Northern Adriatic Lagoons,<sup>5</sup> and Basilicata.<sup>5</sup>

2.1.113. On 27 July the Advisory Committee on IMPs delivered a favourable opinion on five draft IMPs for Sicily, the Northern Adriatic Lagoons, Calabria, Campania and Apulia.<sup>5</sup>

## **Environment and consumers**

### **Environment**

#### ***Prevention and reduction of pollution and nuisance***

##### **Air pollution**

##### ***Motor vehicle emissions***

2.1.114. The preliminary position which the Council adopted by a majority in June,<sup>7</sup> on the proposal for reducing pollution from small cars of less than 1 400 cc,<sup>8</sup> was quashed as a Member State which had provisionally agreed had reconsidered its position. The proposal therefore no longer has the necessary qualified majority support.

##### **Municipal waste**

2.1.115. On 7 July Parliament adopted a resolution on a policy on urban waste plastics<sup>1</sup> (→ point 2.4.24).

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<sup>1</sup> OJ C 235, 12.9.1988.

<sup>2</sup> OJ L 223, 13.8.1988.

<sup>3</sup> Bull. EC 3-1988, point 2.1.110.

<sup>4</sup> Bull. EC 5-1988, point 2.1.103.

<sup>5</sup> Bull. EC 6-1988, point 2.1.160.

<sup>6</sup> Bull. EC 3-1988, point 2.1.111.

<sup>7</sup> Bull. EC 6-1988, point 2.1.169.

<sup>8</sup> OJ C 56, 27.2.1988; Bull. EC 2-1988, point 2.1.103.

## *Controls on chemicals, industrial hazards and biotechnology*

### **Dangerous substances**

2.1.116. On 22 July the Commission adopted a Directive<sup>1</sup> adapting to technical progress for the tenth time the 1967 Directive<sup>2</sup> whose Annex I lists the dangerous substances for which uniform Community rules on classification and labelling have been agreed. The new Directive adds a further 35 dangerous substances together with their respective classifications and labelling.

2.1.117. On 7 July Parliament adopted a resolution on the transport of dangerous goods and substances<sup>3</sup> (→ point 2.4.24).

### *Waste disposal*

### **Waste management**

2.1.118. On 16 August the Commission sent to the Council two proposals for Directives<sup>4</sup> on waste disposal. The first is an amendment to the July 1975 Directive on waste<sup>5</sup> and the second replaces the 1978 Directive on toxic and dangerous waste.<sup>6</sup>

The main purpose of the amendments is to incorporate more precise and uniform definitions of 'waste', 'disposal' and 'hazardous waste'. The amendments also make the Directives on waste management more consistent, since the amended 1975 Directive now becomes a framework Directive whose provisions will apply to all waste. The proposed amendments adapt the 1975 and 1978 Directives to the current situation in waste management. For instance, greater priority will be given to promoting clean technologies which give rise to little or no waste, and the setting-up of a system to provide information on waste management in the Community. The amendments are necessary because of the rapid changes in Europe, particularly the major increase in the movement of dangerous waste from one country to another.

## **Transfrontier movements of hazardous waste**

2.1.119. On 29 July the Commission sent to the Council a recommendation for a Decision authorizing the Commission to negotiate, on behalf of the Community, a global convention on the control of transfrontier movements of hazardous waste in the framework of the United Nations Environment Programme.

### *Protection and use of resources*

### **Fauna and flora**

2.1.120. On 16 August the Commission sent to the Council a proposal for a Directive on the protection of natural and semi-natural habitats and wild fauna and flora.<sup>7</sup>

The main aim of the proposal is to establish, by the year 2000 at the latest, a vast network of protected areas which will ensure the maintenance of vulnerable species and habitats in all areas of the Community where they are known to exist. This will allow more effective application in the Community of the Berne Convention on the Conservation of European Wildlife and Natural Habitats and any additional measures adopted by the Community.

### *Natural resources*

### **Forests**

2.1.121. On 8 July Parliament adopted a resolution on the catastrophic environmental impact of large-scale deforestation in Sarawak (East Malaysia) (→ point 2.4.24).<sup>3</sup>

<sup>1</sup> OJ L 259, 19.9.1988.

<sup>2</sup> OJ 196, 16.8.1967.

<sup>3</sup> OJ C 235, 12.9.1988.

<sup>4</sup> COM(88) 391 final.

<sup>5</sup> OJ L 194, 25.7.1975.

<sup>6</sup> OJ L 84, 31.3.1978.

<sup>7</sup> OJ C 247, 21.9.1988; COM(88) 381 final.

## *International cooperation*

2.1.122. On 16 August the Commission sent to the Council an amendment<sup>1</sup> to its proposal for a Decision authorizing the Commission to negotiate and approve on behalf of the Community certain measures as part of the implementation of international agreements of a regional nature relating to environmental protection to which the Community is a party.<sup>2</sup> The amendment takes account of Parliament's opinion.<sup>3</sup>

## **Consumers**

### *Physical protection and product safety*

#### **System for the rapid exchange of information on dangers arising from the use of consumer products**

2.1.123. On 8 July Parliament approved a proposal for a Decision<sup>4</sup> amending the 1984 Decision<sup>5</sup> setting up a Community system for the rapid exchange of information on dangers arising from the use of consumer products.<sup>6</sup> The proposal seeks to extend the system until March 1994.

## **Agriculture**

2.1.124. On 29 July the Commission sent the Council and Parliament a communication on the future of rural society (→ point 1.2.1 *et seq.*).

## **Council**

2.1.125. The Council met on 18 and 19 July to resume its examination of the agri-monetary matters outstanding from its discussion of the 1988/89 prices package<sup>7</sup> in June. Agreement was reached on the degree of dismantling of the Greek monetary compensatory amounts (MCAs). Consequently, the Council formally adopted all the pro-

posals on the agricultural prices and related measures for 1988/89 (→ point 2.1.126 *et seq.*).

Pending receipt of Parliament's opinion, the Council also worked out joint guidelines on the proposal for a Regulation introducing a common measure to facilitate the re-establishment of olive groves partially or wholly destroyed by frost in certain Greek regions during the winter of 1986/87.<sup>8</sup>

The intention is to introduce an investment aid scheme for the re-establishment of olive groves and further aid to offset grower's income losses. This scheme will apply to work started on or after 1 January 1988.

Again pending Parliament's opinion, the Council approved joint guidelines on an exceptional emergency operation to assist farming areas in Valencia and Murcia, where there had been heavy flooding in November.<sup>8</sup> The scheme is for investment aid for the re-establishment and improvement of rural infrastructure, irrigation, protection against erosion, and the improvement of farmland and farm buildings.

### **Farm prices and related measures for 1988/89**

2.1.126. Following the agreement on the degree of dismantling of the Greek MCAs, on 19 July the Council formally adopted<sup>9</sup> the proposals on farm prices and related measures for 1988/89 which the Commission had submitted on 25 March and 4 April,<sup>10</sup> Parliament having delivered its opinion on 19 May<sup>11</sup> and 14 June.<sup>12</sup>

<sup>1</sup> OJ C 230, 6.9.1988; COM (88) 451 final.

<sup>2</sup> OJ C 324, 17.12.1986; Bull. EC 11-1986, point 2.1.165.

<sup>3</sup> OJ C 49, 22.2.1988; Bull. EC 1-1988, point 2.1.61.

<sup>4</sup> OJ C 235, 12.9.1988.

<sup>5</sup> OJ L 70, 13.3.1984; Bull. EC 3-1984, point 2.1.111.

<sup>6</sup> OJ C 124, 11.5.1988; Bull. EC 3-1988, point 2.1.133.

<sup>7</sup> Bull. EC 6-1988, point 2.1.196.

<sup>8</sup> OJ C 182, 12.7.1988; Bull. EC 5-1988, point 2.1.155.

<sup>9</sup> OJ L 197, 26.7.1988; OJ L 198, 26.7.1988; OJ L 199, 26.7.1988.

<sup>10</sup> OJ C 139, 30.5.1988; Bull. EC 3-1988; points 1.2.1 to 1.2.7 and 2.1.139.

<sup>11</sup> OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.1.120.

<sup>12</sup> OJ C 187, 18.7.1988; Bull. EC 6-1988, point 2.1.198.

In general terms, the Council endorsed the Commission's original proposals,<sup>1</sup> which recommended that the 1987/88 prices, as expressed in ecus, should not be changed, subject to a small number of adjustments. However, in view of the agri-monetary adjustments, which—for most Member States—have been postponed until 1 January 1989, there are major differences between the Commission's original proposal and the final decision. The main points of the agreement are given below, for each product group.

### Cereals

2.1.127. The Council agreed not to change the intervention price for cereals, with the exception of durum wheat. The Spanish prices for maize and common wheat are to be aligned from 1988/89 onwards on the Community prices. The monthly increases are reduced by 25 %. The price of durum wheat is brought closer to that of common wheat through a 5.2 % reduction in the intervention price. On the other hand, the production aid for durum is increased by 12.52 %. For all cereals, updating of freighting costs entails a reduction in the target price, which is derived from the intervention price.

A further levy of 3 % of the intervention price for common wheat is added to the basic co-responsibility levy already charged (ECU 5.38/t); the new levy (also ECU 5.38/t) will be collected according to the amended procedures adopted during the previous marketing year.

Where appropriate, it may be claimed back by those eligible in proportion to the shortfall below 3 % of the maximum guaranteed quantity.

The aid to small farmers, already approved for 1987/88, may not exceed ECU 220 million in respect of the basic co-responsibility levy and of the additional co-responsibility levy. This amount will be reduced, where appropriate, in the light of the real excess over the maximum guaranteed quantity.

The Council agreed to maintain for 1988/89 the arrangements authorizing Member States, by way of a direct exemption, to pay the levy for small farmers subject to a limit of 25 tonnes per farmer and a total amount per Member State. Italy, Greece and Spain make use of this possibility.

### Rice

2.1.128. The Council left the intervention price for paddy unchanged. As in the case of cereals, the monthly increases have been cut by 25 %.

The production aid for Indica varieties has also been left unchanged at ECU 330/ha.

### Sugar

2.1.129. The Council made no changes in beet and sugar prices or in the arrangements for reimbursement of storage costs (ECU 0.49/100 kg).

The threshold price for white sugar and raw sugar has been cut by 1 % because of lower freighting costs.

For 1987/88 to 1990/91, a ECU 0.8/t aid will be paid to Community refineries for those quantities of preferential raw sugar (cane sugar from the ACP countries and French overseas departments) which they refine. The aid is available for Community raw beet sugar as well, where it qualifies for the refining aid.

For 1987/88 to 1990/91, the United Kingdom has been authorized to pay its own aid up to ECU 5/t of white sugar per marketing year for the refining of preferential sugar, 25 % of the cost of this to be chargeable to the Community budget.

Authorization to pay national aid in Italy has been renewed for one year, and French national aid for sugar from France's overseas departments has also been renewed for one year.

For Spain, the date of the declaration of quota carryover from one marketing year to another has been set at 1 April for beet sugar and 20 June for cane sugar.

### Oilseeds

2.1.130. The Council made no changes in the prices for oilseeds. The prices for soya in Spain have been adapted for 1988/89 in accordance with the Act of Accession, the norm price to be ECU 44.35/100 kg, increased from ECU 42.72/100 kg in 1987/88.

No changes have been made in the prices for peas and field beans, except for Spain.

From 1991/92 onwards, the rapeseed production aid will be paid only for '00' seed, except for industrial rapeseed, which should still qualify. The monthly increases have been reduced by 20 %.

The aid fixed in advance for seed grown and processed in the Community is to be adapted if the norm price is changed.

<sup>1</sup> OJ C 139, 30.5.1988, Bull. EC 3-1988, points 1.2.1 to 1.2.7 and 2.1.139.

## Olive oil

2.1.131. The Council left the target and intervention prices unchanged at ECU 322.56/100 kg and ECU 216.24/100 kg respectively.

But it agreed to increase the production aid by 1 % for growers not producing more than 300 litres in a marketing year. For other producers, the aid is unchanged.

Some of the aid will be used to finance the operations of olive oil producers' organizations and their associations. A further amount will be withheld, as in the past, to help finance the establishment of the olive cultivation register.

## Wine

2.1.132. The Council left the guide prices for all types of table wine unchanged, apart from the alignment provided for in the Act of Accession as regards Spain.

National aid for vine planting is prohibited for Category 3 types, and eligibility criteria will be prepared for the others.

The Council agreed that the alcohol volume delivered in the form of by-products must be 10 % (and not 8 %) of the alcohol volume contained in the wine produced, for cases of direct wine-making from grapes, and 5 % (and not 3 %) where the wine is obtained through the processing of grape must.

## Fruit and vegetables

2.1.133. The basic and buying-in prices have been left unchanged. As for the list of products referred to in Annex II to the Council Regulation of 18 May 1972,<sup>1</sup> the prices for nectarines and satsumas are fixed on the basis of average prices over the last three years on the Community's most representative markets.

The Council agreed to a threshold for withdrawals of peaches, oranges and lemons. Where this degressive threshold is exceeded during a given marketing year, the basic price and the buying-in price for the following marketing year will be reduced by 1 % for each 18 000 t excess for peaches, 6 600 t for lemons and 2 000 t for oranges. However, the price reduction may not exceed 20 %.

For processed fruit and vegetables, the Council approved, for each producing country, the quantities of fresh tomatoes that may be processed, a threshold for Moscatel dried grapes, a threshold for peaches in syrup, and production aid arrangements for cherries and pineapples.

## Tobacco

2.1.134. The 1988 harvest price and premiums will differ from the preceding marketing year as follows:

Group	Premiums	Norm price
I	+ 2 %	0 %
II	+ 1 %	0 %
III	0 %	0 %
IV	- 6 %	- 6 %
V	- 8 %	- 8 %

The maximum guaranteed quantity, set at 385 000 t, has been broken down by variety or variety group, a key consideration being the nature of demand.

## Milk

2.1.135. The prices are unchanged, except—in accordance with the Act of Accession—for Spain.

The co-responsibility levy has been renewed for a two-year period, the rate being unchanged from that for 1987/88.

## Beef/veal

2.1.136. The institutional prices are unchanged, but the clauses governing activation of intervention will be applied subject to market conditions. The premiums will cease on 31 December 1988, except for suckler cows. On the occasion of the review of the market organization, the arrangements as regards the premiums may be changed.

The price decisions for the various products are shown in Table 3.

## Agri-monetary measures

2.1.137. The Council and the Commission declared their intention to dismantle negative real monetary gaps for those currencies complying with EMS rules by a four-stage adaptation of the green rates to be completed by 1992.

<sup>1</sup> OJ L 118, 20.5.1972.

Table 3 — *Prices agreed for individual agricultural products*

Product and type of price or amount (period of application)	Decisions 1987/88		Decisions 1988/89		Spain			Portugal		
	Amounts (ecu/tonne)	% change	Amounts (ecu/tonne)	% change	Amounts (ecu/tonne)		%change	Amounts (ecu/tonne)		% change
					1987/88	1988/89		1987/88	1988/89	
1	2	3	4	5	6	7	8	9	10	11
Common wheat 1.7.1988-30.6.1989										
• Target price	256.10	— 0.02	250.30	— 2.26	256.10	250.30	— 2.26	—	—	—
• Intervention price for breadmaking wheat	179.44	0	179.44	0	173.72	179.44	+ 3.29	—	—	—
• (Intervention price for feed wheat)	170.47	0	170.47	0	165.03	170.47	+ 3.29	—	—	—
Barley 1.7.1988-30.6.1989										
• Target price	233.80	0	228.00	— 2.48	233.80	228.00	— 2.48	—	—	—
• Intervention price	170.47	0	170.47	0	158.85	161.17	+ 1.46	—	—	—
Maize 1.7.1988-30.6.1989										
• Target price	233.80	0	228.00	— 2.48	233.80	228.00	— 2.48	—	—	—
• Intervention price	179.44	0	179.44	0	173.72	179.44	+ 3.29	—	—	—
Sorghum 1.7.1988-30.6.1989										
• Target price	233.80	0	228.00	— 2.48	233.80	228.00	— 2.48	—	—	—
• Intervention price	170.47	0	170.47	0	158.85	161.17	+ 1.46	—	—	—
Rye 1.7.1988-30.6.1989										
• Target price	233.80	0	228.00	— 2.48	233.80	228.00	— 2.48	—	—	—
• Intervention price	170.47	0	170.47	0	160.95	162.85	+ 1.18	—	—	—
Durum wheat 1.7.1988-30.6.1989										
• Target price	357.70	0	334.91	— 6.37	357.70	334.91	— 6.37	—	—	—
• Intervention price	291.59	— 2.67	276.34	— 5.23	219.78	221.90	+ 0.96	—	—	—
• Aid (ecu/ha)	121.80	+ 7.00	137.05	+ 12.52	33.85	54.49	+ 60.98	—	—	—
Rice 1.9.1988-31.8.1989										
• Target price — husked rice	548.37	0	549.85	+ 0.82	548.37	549.85	+ 0.27	—	—	—
• Intervention price — paddy rice	314.19	0	314.19	0	259.76	270.64	+ 4.19	—	—	—
• Indica aid (ecu/ha)	330.00	p.m.	330.00	0	330.00	330.00	0	—	—	—
Sugar 1.7.1988-30.6.1989										
• Basic price for sugarbeet	40.89	0	40.89	0	47.98	47.98	0	43.72	43.72	0
• Intervention price for sugarbeet	541.80	0	541.80	0	627.80	627.80	0	510.00	518.80	+ 1.7

Table 3 (*continued*)

Product and type of price or amount (period of application)	Decisions 1987/88		Decisions 1988/89		Spain			Portugal		
	Amounts (ecu/tonne)	% change	Amounts (ecu/tonne)	% change	Amounts (ecu/tonne)		%change	Amounts (ecu/tonne)		% change
					1987/88	1988/89		1987/88	1988/89	
1	2	3	4	5	6	7	8	9	10	11
Olive oil 1.11.1988-31.10.1989										
• Production target price	3 225.6	0	3 225.6	0	3 225.6	3 225.6	0	3 225.6	3 225.6	0
• Intervention price	2 162.4	0	2 162.4	0	1 448.1	1 550.2	+ 7.0	2 017.2	2 037.9	+ 1.0
• Production aid	709.5	0	709.5	0	208.3	271.0	+ 30.1	141.9	212.9	+ 50.0
Rapeseed 1.7.1988-30.6.1989										
• Target price	450.2	— 3.0	450.2	0	402.6	408.6	+ 1.5	450.2	450.2	0
• Intervention price	407.6	— 3.3	407.6	0	360.0	366.0	+ 1.7	407.6	407.6	0
Sunflower seed 1.8.1988-31.7.1989										
• Target price	583.5	0	583.5	0	445.5	462.8	+ 3.9	583.5	583.5	0
• Intervention price	534.7	0	534.7	0	326.7	414.0	+ 4.4	534.7	534.7	0
Soyabeans 1.9.1988-31.8.1989										
• Guide price	558.5	— 3.0	558.5	0	427.1	443.5	+ 3.8	558.5	558.5	0
• Minimum price	489.4	— 3.4	489.4	0	358.0	374.4	+ 4.6	489.4	489.4	0
Dried fodder 1.5.1988-30.4.1989										
• Guide price	178.92	0	178.92	0	156.86	161.27	+ 2.8	178.92	178.92	0
Peas and field beans 1.7.1988-30.6.1989										
• Activating price	447.6	— 12.2	447.6	0	447.6	447.6	0	447.6	447.6	0
• Guide price	295.2	— 10.0	295.2	0	295.2	295.2	0	295.2	295.2	0
• Minimum price — peas	257.7	— 10.0	257.7	0	257.7	257.7	0	257.7	257.7	0
— field beans	248.6	— 10.0	248.6	0	248.6	248.6	0	248.6	248.6	0
Lupins 1.7.1988-30.6.1989										
• Activating price	430.5	— 11.2	430.5	0	404.3	409.5	+ 1.3	430.5	430.5	0
• Minimum price	289.0	— 10.0	289.0	0	271.9	276.4	+ 1.7	289.0	289.0	0
Flax 1.8.1988-31.7.1989										
• Guide price (seed)	554.1	0	554.1	0	477.7	487.3	+ 2.0	554.1	554.1	0
• Fixed-rate aid (fibre) (per ha)	355.09	0	355.09	0	101.46	152.19	+ 50.0	101.46	152.19	+ 50.0
Hemp 1.8.1988-31.7.1989										
• Fixed-rate aid (per ha)	322.48	0	322.48	0	92.14	138.21	+ 50.0	92.14	138.21	+ 50.0



Silk worms	1.4.1988-31.3.1989										
• Aid per box of silk seed		112.00	+ 3.0	112.00	0	31.60	47.68	+ 50.9	31.60	47.68	+ 50.9
Cotton	1.9.1988-31.8.1989										
• Guide price		960.2	0	960.2	0	960.2	960.2	0	960.2	960.2	0
• Minimum price		912.3	0	912.3	0	912.3	912.3	0	912.3	912.3	0
Milk	1.4.1988-31.3.1989										
• Target price		278.4	0	278.4	0	—	—	—	—	—	—
Butter											
• Intervention price		3 132.0	0	3 132.0	0	3 436.0	3 391.3	- 1.3	—	—	—
Skimmed-milk powder											
• Intervention price		1 740.4	0	1 740.4	0	2 319.6	2 260.4	- 2.6	—	—	—
Grana Padano cheese 30-60 days											
• Intervention price		3 889.3	0	3 889.3	0	—	—	—	—	—	—
Grana Padano cheese 6 months											
• Intervention price		4 803.3	0	4 803.3	0	—	—	—	—	—	—
Parmigiano-Reggiano 6 months											
• Intervention price		5 291.9	0	5 291.9	0	—	—	—	—	—	—
Beef/veal	6.4.1988-3.4.1989										
• Guide price for adult bovines <sup>1</sup>		2 050.2	0	2 050.2	0	2 050.2	2 050.2	0	—	—	—
• Intervention price quality R 3 Cat. A		3 440.0	- 1.7	3 440.0	0	3 440.0	3 440.0	—	—	—	—
• Intervention price quality R 3 Cat. C		3 440.0	+ 2.7	3 440.0	0	3 440.0	3 440.0	0	—	—	—
Sheepmeat	6.1.1988-3.1.1989										
• Basic price (carcase weight)		4 323.2	0	4 323.2	0	4 323.2	4 323.2	0	4 323.2	4 323.2	0
Pigmeat	1.7.1988-31.10.1989										
• Basic price (carcase weight)		2 033.3	0	2 033.3	0	2 033.3	2 033.3	0	—	—	—
Fruit and vegetables — Basic price											
• Cauliflowers	1.5.1988-30.4.1989		0		0	—	—	—	—	—	—
• Tomatoes	11.6.1988-30.11.1989		0		0	—	—	—	—	—	—
• Peaches	1.6.1988-30.9.1989		- 5.0		0	—	—	—	—	—	—
• Lemons	1.6.1988-31.5.1989		- 2.5		0	—	—	—	—	—	—
• Pears	1.7.1988-30.4.1989		0		0	—	—	—	—	—	—
• Table grapes	1.8.1988-31.10.1988		0		0	—	—	—	—	—	—
• Apples	1.8.1988-31.5.1989		0		0	—	—	—	—	—	—
• Mandarins	16.11.1988-29.2.1989		- 5.0		0	—	—	—	—	—	—
• Sweet oranges	1.12.1988-31.5.1989		- 2.5		0	—	—	—	—	—	—
• Apricots	1.6.1988-31.7.1989		- 5.0		0	—	—	—	—	—	—
• Aubergines	1.7.1988-31.10.1988		0		0	—	—	—	—	—	—
• Clementines	1.12.1988-15.2.1989		p.m.		0	—	—	—	—	—	—
• Satsumas	16.10.1988-15.1.1989		—		p.m.	—	—	—	—	—	—
• Nectarines	1.6.1988-31.8.1988		—		p.m.	—	—	—	—	—	—

Table 3 (continued)

Product and type of price or amount (period of application)	Decisions 1987/88		Decisions 1988/89		Spain			Portugal		
	Amounts (ecu/tonne)	% change	Amounts (ecu/tonne)	% change	Amounts (ecu/tonne)		% change	Amounts (ecu/tonne)		% change
					1987/88	1988/89		1987/88	1988/89	
1	2	3	4	5	6	7	8	9	10	11
Table wine <sup>2</sup> 1.9.1988-31.8.1989										
• Guide price Type R I	3.35	— 2.0	3.35	0	2.28	2.49	+ 9.2	—	—	—
• Guide price Type R II	3.35	— 2.0	3.35	0	2.28	2.49	+ 9.2	—	—	—
• Guide price Type R III	52.23	— 2.0	52.23	0	35.55	38.89	+ 9.4	—	—	—
• Guide price Type A I	3.11	— 2.0	3.11	0	2.11	2.31	+ 9.5	—	—	—
• Guide price Type A II	69.60	— 2.0	69.60	0	47.32	51.78	+ 9.4	—	—	—
• Guide price Type A III	79.49	— 2.0	79.49	0	54.05	59.14	+ 9.4	—	—	—

<sup>1</sup> Price expressed per tonne live weight<sup>2</sup> R I, R II and A I expressed in ecu/%/hl; R III and A II expressed in ecu/hl.

Table 4 — *Prices for tobacco*

Products		1987 harvest decisions (% change on 1986)	1988 decisions EEC 12 (% change on 1987)
1		2	3
Group I	3. Virgin D	} Price + 3 Premium + 5	} Price 0 Premium + 2
	7. Bright		
	17. Basmas		
	18. Katerini		
	26. Virgin El.		
	31. Virgin Esp.		
	33. Virgin Port.		
Group II	2. Bad. Burley	} Price 0 Premium + 3 <sup>1</sup>	} Price 0 Premium + 1
	8. Burley I		
	9. Maryland		
	25. Burley El.		
	32. Burley Esp.		
	34. Burley Port.		
	28. Fermented Burley <sup>2</sup>	Price/premium + 2	
Group III	1. Bad. Geud.	} Price + 2 Premium + 2	} Price 0 Premium 0
	4. Paraguay		
	5. Nijkerk		
	6. Missionero		
	10. Kentucky		
	16. Round Tip		
	27. Santa Fé		
	29. Havana Esp.		
	30. Round Scafati		
Group IV	13. Xanti-Yaka	} Price 0 Premium 0	} Price - 6 Premium - 6
	14. Perustitza		
	15. Erzegovina		
	19. K.K. classic		
	20. K.K. non-classic		
	21. Myrodata Ag.		
	22. Zichnomyrodata		
Group V	11. Forch. Havana	} Price - 6 Premium - 4	} Price - 8 Premium - 8
	12. Beneventano		
	23. Tsebelia		
	24. Mavra		

<sup>1</sup> Under Article 13 of Regulation (EEC) No 727/70, of 21 April 1970, the final level of the premium for Burley El. was increased by about 27% over the 1986 figure. The intervention/norm price ratio is reduced from 85% to 75% for the 1987, 1988 and 1989 harvests

<sup>2</sup> For the 1988 harvest, fermented Burley has been reclassified in Group II, from Group III.

As regards the other currencies, there is a similar problem for stocks of real monetary gaps which have not yet been brought under automatic dismantling systems. The Council agreed that appropriate dismantling arrangements must be made for these 'stocks' as well. The Commission will study ways and means of achieving this objective.

The first dismantling stage, of about 25 %, will start on 1 January 1989, as follows:

- (i) 1 point for Denmark,
- (ii) 1 point for sheepmeat in Spain,
- (iii) 1.5 points for France,
- (iv) 1.5 points for Ireland,
- (v) 2.5 points for Italy (except for sheepmeat, for which the green rate is aligned on that applicable for the other product groups),
- (vi) 3.2 points for the United Kingdom,
- (vii) all the gaps for the BLEU.

However, as regards beef/veal, the decisions relating to the green rates will be taken when the reform of the market organization is finally approved.

For Portugal, all the existing monetary gaps will be dismantled from the beginning of 1988/89, except for those marketing years having already begun, in respect of which the operation started on 25 July.

For Greece, there will be a 15-point dismantling for livestock products and the dismantling for crop products will be by 20 points. The new green rates are applicable from the beginning of the marketing years for each product, except in respect of those marketing years having already begun, where the operation started on 25 July.

For the Netherlands, the green rate for milk has been aligned on that for cereals from the beginning of 1988/89.

Under the arrangements relating to the extent of the dismantling of the Greek MCAs, the Council and the Commission agreed that, in connection with the next dismantling operation, under the overall compromise decisions reached in Luxembourg in June,<sup>1</sup> appropriate action will be taken for Greece, in the light of its economic situation and the development of its trade, in order to continue along the lines laid down in the decision taken in its favour.

2.1.138. Further to these decisions, on 20 July the Commission adopted a Regulation<sup>2</sup> amending that of 30 June<sup>3</sup> fixing the monetary compensatory amounts in the agricultural sector and certain coefficients and rates required for their application.

This Regulation amends the monetary compensatory amounts for Greece and Portugal from 25 July onwards.

2.1.139. On 8 July, Parliament adopted a resolution on the 1988/89 farm prices (→ point 2.4.24).<sup>4</sup>

## Market organizations

### *Cereals and rice*

2.1.140. Once the agricultural prices and related measures for 1988/89 had been fixed (→ point 2.1.126 *et seq.*) the Commission, on 29 July, adopted Regulations laying down implementing measures in respect of intervention, the application of the co-responsibility arrangements, threshold prices and accession compensatory amounts.<sup>5</sup>

2.1.141. Following the judgment of the Court of Justice of 29 June,<sup>6</sup> on 26 July the Commission amended<sup>7</sup> its Regulation of 26 May laying down detailed rules for applying the co-responsibility levy in the cereals sector.<sup>8</sup> The purpose of the amendment is to restore equality between operators by exempting cereals used on the farm both when they are processed by the farmer on his own holding and when they are processed on his behalf by a third party. In addition, it lays down that cereals processed and sold by cereals growers are also subject to the co-responsibility levy.

2.1.142. On 20 July the Commission adopted a Regulation<sup>9</sup> amending the Regulation of 25 July 1975 on special detailed rules for the application of the system of

<sup>1</sup> Bull. EC 6-1988, point 2.1.196.

<sup>2</sup> OJ L 196, 25.7.1988.

<sup>3</sup> OJ L 167, 1.7.1988, Bull. EC 6-1988, point 2.1.199.

<sup>4</sup> OJ C 235, 12.9.1988.

<sup>5</sup> OJ L 205, 30.7.1988.

<sup>6</sup> Case 300/86 *L. Van Landschoot v NV Mera e.a.*; Bull. EC 6-1988, point 2.4.34.

<sup>7</sup> OJ L 202, 27.7.1988.

<sup>8</sup> OJ L 131, 27.5.1988; Bull. EC 5-1988, point 2.1.125.

<sup>9</sup> OJ L 190, 21.7.1988.

import and export licences for cereals and rice.<sup>1</sup> This Regulation makes it possible for the Commission to restrict the issue of export licences for flour and durum wheat groats and meal.

2.1.143. In the framework of the agreement which the Community has concluded with the United States<sup>2</sup> the Commission, on 5 August, adopted a Regulation<sup>3</sup> adjusting the reduction in the levy on imports of maize into Spain to take account of the fact that the intervention price for Spain is now set at the same level as for the Community of Ten (→ point 2.1.126 *et seq.*).

#### Market situation<sup>4</sup>

2.1.144. Community cereal production in 1987 is put at 154.47 million tonnes, which is slightly up (0.4%) on the 1986 harvest. The reductions in yields caused by bad weather during the harvest period in the northern part of the Community meant that it was below the estimate calculated on a trend basis. The poor harvest made it possible to dispose of part of the intervention stocks, which fell from 14.283 million tonnes to 12.071 million tonnes, all cereals combined.

The area down to cereals, for its part, fell from 35.516 million hectares in 1986 to 35.032 million hectares.

Production of common wheat dropped slightly to 64.4 million tonnes. In the northern part of the Community the breadmaking quality of common wheat was affected because some of the standing crop started to germinate. The lack of breadmaking common wheat kept market prices up at the beginning of the marketing year, particularly in Spain, Italy and the United Kingdom.

As the result of two years of fairly moderate production in the Community, exports of common wheat fell from 15.9 million tonnes to 13.7 million tonnes, of which 8.8 million tonnes were in the form of grain, 3.3 million tonnes in the form of flour and 1.6 million tonnes were supplied as food aid. Nevertheless, the Community's share of world

exports is at least 14%. The weakness of the world market, caused by the situation of the dollar and by American offers under the EEP<sup>5</sup> programme on many of our traditional markets, forced the Community to grant high refunds, which reached as much as ECU 132 per tonne.

Exports made it possible to run down intervention stocks of common wheat from 7.3 million tonnes to 4.583 million tonnes.

Cultivation of durum wheat continued to expand. In 1987 it reached the record level of 7.4 million tonnes compared with 7.2 million tonnes in 1986 and 5.8 million tonnes in 1985. As a result of this record harvest intervention stocks of durum wheat grew from 1.575 million tonnes to 2.348 million tonnes. However, the great spread of durum wheat growing in the north of the Community has now come to a halt because of the poor quality, which affected selling prices.

Barley production, which is put at 47.2 million tonnes, was slightly up on the previous year. Increased production in Spain was offset by a reduction in the United Kingdom, the Federal Republic of Germany and Denmark.

In 1987/88 barley exports amounted to some 9.5 million tonnes, including 7.3 million tonnes in the form of grain, compared with 9.3 million tonnes in 1986/87. As in the case of common wheat, a very high level of refunds was required (up to ECU 132 per tonne). Intervention stocks of barley fell from 4.235 million tonnes to 3.935 million tonnes.

#### Eggs and poultrymeat

##### Market situation<sup>6</sup>

2.1.145. In recent months the Community market in eggs has been passing through a

<sup>1</sup> OJ L 213, 11.8.1975.

<sup>2</sup> OJ L 98, 10.4.1987; Bull. EC 1-1987, point 1.2.1 *et seq.*

<sup>3</sup> OJ L 213, 6.8.1988.

<sup>4</sup> Bull. EC 7/8-1988, point 2.1.188.

<sup>5</sup> Export enhancement programme.

<sup>6</sup> Bull. EC 2-1988, point 2.1.114.

crisis similar to that of 1986. As a result of the increase in the laying flock during 1987, production has been very much in surplus in nearly all Member States since spring of this year. In June early slaughterings combined with an export recovery assisted by higher refunds halted the fall in prices. However, producer prices have still not returned to a satisfactory level and supply needs to be reduced still further, particularly as feed prices are showing a tendency to rise.

The current situation on the Community poultrymeat market gives less cause for concern, as the influx of tourists to the Mediterranean regions of the Community has stabilized the market in the Member States concerned. Nevertheless the short-term outlook is not felt to be very encouraging and there has already been a slowdown in the expansion of the breeding flock. One of the determining factors has certainly been the fall in exports of both hatching eggs of meat breeds and poultrymeat during the first half of the year, in the face of growing competition from other exporting countries and slackening demand from the Middle East.

### *Fresh fruit and vegetables*

2.1.146. On 19 July the Council adopted a Regulation introducing intervention thresholds for peaches, oranges and lemons in the Community of Ten and laying down the method of calculating them.<sup>1</sup> For 1988 these thresholds, which were adopted by the Commission on 28 July,<sup>2</sup> are 358 417 tonnes for peaches, 301 972 tonnes for oranges and 99 714 tonnes for lemons.

2.1.147. On 19 July the Council also decided to introduce an intervention threshold for lemons in Spain.<sup>3</sup>

### *Wine*

2.1.148. On 18 July the Council adopted,<sup>4</sup> on a proposal from the Commission,<sup>5</sup> a Regulation amending the Regulation of 28 June 1984<sup>6</sup> authorizing the offer of disposal for direct human consump-

tion of certain imported wines which may have undergone oenological processes not provided for in the Regulation of 5 February 1979.<sup>7</sup> The purpose of the amendment is to extend the authorization until 31 July 1989.

2.1.149. On 19 July the Council adopted a Decision on the granting, by certain Member States, of aid for the short-term private storage of table wine and must.<sup>1</sup> The Decision recognizes aid of this type granted in France and Italy to be compatible with the common market for the 1988/89 wine year until 15 December 1988.

In view of the big surpluses on the market in question this national aid at the start of the marketing year should contribute to the same end as the market stabilization measures applied at Community level.<sup>8</sup>

2.1.150. On 26 July the Council adopted a number of amendments<sup>9</sup> to the general rules on distillation<sup>10</sup> which were necessitated by the development of the various distillation schemes or considered desirable in the light of experience.

2.1.151. On 16 August the Commission forwarded to the Council a proposal for a Regulation on the disposal of stocks of alcohol held by the intervention agencies.<sup>11</sup> In the light of experience of applying the previous rules, which had not proved successful, the Commission is now proposing a simpler system whereby all alcohol obtained from compulsory distillation operations would be disposed of in the same way by means of sale by tender in a single stage. The Commission reserves the right to take no action on tenders received, in

<sup>1</sup> OJ L 198, 26.7.1988.

<sup>2</sup> OJ L 204, 29.7.1988.

<sup>3</sup> OJ L 201, 27.7.1988.

<sup>4</sup> OJ L 191, 22.7.1988.

<sup>5</sup> Bull. EC 6-1988, point 2.1.203.

<sup>6</sup> OJ L 176, 3.7.1984; Bull. EC 6-1984, point 2.1.90.

<sup>7</sup> OJ L 54, 5.3.1979.

<sup>8</sup> OJ L 132, 28.5.1988; Bull. EC 5-1988, point 2.1.117.

<sup>9</sup> OJ L 225, 15.8.1988.

<sup>10</sup> OJ L 212, 3.8.1983.

<sup>11</sup> COM(88) 422.

particular where it is clear that acceptance is likely to lead to disturbance either in certain sectors of industry or for certain uses

2.1.152. In July and August the Commission adopted intervention measures designed to enter into force at the start of the 1988/89 marketing year on 1 September. It made permanent the detailed implementing rules which had hitherto been adopted at the start of each marketing year relating to voluntary distillation<sup>1</sup> and to aid for the use of must in animal feed,<sup>2</sup> in winemaking,<sup>2</sup> for the preparation of grape juice<sup>2</sup> and in the manufacture of British and Irish wines.<sup>3</sup> It fixed the prices, aids and amounts applicable and set at 100 000 hl the quantity of must eligible for the aid for the use of must in animal feed.<sup>1</sup> Preventive distillation was introduced,<sup>1</sup> with the quantity limited to 13 hl per hectare for each producer, which is the same as last year's level. There is a ceiling of 25% of each producer's output in Spain. Distillation with the special price support guarantee for long-term storage contract holders was introduced<sup>1</sup> in respect of a much smaller quantity than the previous year, i.e. 7% of each beneficiary's production. This was in line with the Commission's intention to phase out this measure, of which the European Council in Brussels last February<sup>4</sup> took note.

2.1.153. The Commission also adopted the reference prices<sup>5</sup> and fixed the regulatory amounts<sup>6</sup> for the marketing year. Export refunds were adjusted<sup>3</sup> on the one hand to take account of the market situation and the alignment of prices in Spain and on the other to correct errors in transposition from the old to the combined nomenclature.

2.1.154. On 19 August the Commission acknowledged that, because of their characteristics, the supply of certain quality wines *psr* greatly exceeds demand and so new planting rights cannot be granted for their production.

2.1.155. Some changes were made to the time limits for the distillation of wine made

from grapes classified as both wine and table varieties<sup>7</sup> and for compulsory distillation, in respect of the 1987/88 wine year, to enable these two measures to go ahead despite the difficulties encountered in some Member States.

2.1.156. Similarly, the period during which expressions other than 'méthode champenoise' may be used to describe that method of winemaking was extended until 31 December 1988.<sup>5</sup> This also has the effect of extending the time limit allowed to the Commission for defining one or more equivalent Community terms to describe this method, in order to enable the Commission to study the matter closely in collaboration with the Member States.

### *Milk and milk products*

2.1.157. By its Regulation of 11 July<sup>8</sup> the Commission decided to devote part of the funds accruing from the co-responsibility levy which are to be spent on promotion and publicity in the milk sector<sup>9</sup> to financing projects intended:

- (i) to encourage the promotion at Community level of the consumption of milk products for health reasons,
- (ii) to examine the possibility of creating a Community symbol to promote milk products.

The Commission has invited tenders for this purpose.

2.1.158. In view of the administrative difficulties which some Member States are experiencing in complying with the various dates and deadlines laid down in connection with the additional levy scheme<sup>10</sup> and the

<sup>1</sup> OJ L 241, 1.9.1988.

<sup>2</sup> OJ L 236, 26.8.1988.

<sup>3</sup> OJ L 231, 20.8.1988.

<sup>4</sup> Bull. EC 2-1988, point 1.1.1 *et seq.*

<sup>5</sup> OJ L 237, 27.8.1988.

<sup>6</sup> OJ L 234, 24.8.1988.

<sup>7</sup> OJ L 205, 30.7.1988; OJ L 233, 23.8.1988.

<sup>8</sup> OJ L 181, 12.7.1988.

<sup>9</sup> OJ L 69, 15.3.1988; Bull. EC 3-1988, point 2.1.150.

<sup>10</sup> OJ L 139, 23.7.1988; Bull. EC 6-1988, point 2.1.209.

compensation for the definitive cessation of milk production,<sup>1</sup> the Commission, in Regulations of 22 July,<sup>2</sup> extended the time limits which had been initially set.

2.1.159. Once the accession compensatory amounts applicable in trade with Spain for the 1988/89 milk year had been fixed<sup>3</sup> the Commission, in a Regulation of 2 August,<sup>4</sup> fixed the free-at-Spanish-frontier values applicable to imports of certain cheeses originating in and consigned from Switzerland.

2.1.160. On 7 July Parliament adopted a resolution on the effect of the marketing of imitation milk products on the common organization of the market in milk products and on the common agricultural policy (→ point 2.4.24).<sup>5</sup>

## Market situation<sup>6</sup>

2.1.161. Intervention stocks of butter and skimmed-milk powder are continuing to dwindle. As a result of the various disposal programmes only around 467 000 tonnes of butter left public storage in the period from 1 January to 30 June, while 23 330 tonnes were taken into store. Current stocks now total 168 649 tonnes compared with 948 331 tonnes at the same time last year. This has led to the suspension of special sales of butter from public stocks,<sup>7</sup> with the exception of sales with a view to the supply of food aid and sales to non-profit-making institutions.<sup>8</sup> Sales of butter by tender for use in the manufacture of pastry products, ice cream and other foodstuffs rose considerably in 1988, mainly because the rules have been revised<sup>9</sup> to make the measure accessible to a greater number of beneficiaries. The quantities for which tenders had been accepted by the end of July totalled 249 398 tonnes against 152 748 tonnes at the same time last year. Since public stocks of skimmed-milk powder are currently down to 13 000 tonnes compared with 722 147 tonnes at the same time last year, market prices for this product are rising again after a short period of stability.

## Beef/veal

2.1.162. On 26 July the Commission adopted, for forwarding to the Council, a proposal for a Regulation opening, for 1988, a special unilateral import quota for fresh, chilled or frozen high quality beef and veal of codes 0201 and 0202 and for products of codes 0206 10 95 and 0206 29 91 of the Combined Nomenclature.<sup>10</sup> The quota is 2 000 tonnes and is intended for certain traditional trading partners.

## Oils and fats

2.1.163. On 18 July the Council adopted,<sup>11</sup> on a proposal from the Commission,<sup>12</sup> a Regulation<sup>12</sup> amending the Regulation of 14 June 1983 on the subsidy for oilseeds.<sup>13</sup> The purpose of the amendment is to extend to sunflower seed the aid scheme already applied to rapeseed incorporated directly in animal feed.

## Sugar

2.1.164. On 18 July the Commission adopted a Regulation<sup>14</sup> determining, for the period 1 July 1988 to 31 January 1989, the quantities of raw sugar produced in the French overseas departments (FODs) benefiting from the refining aid referred to in the Regulation of 15 July 1986 laying down measures for the marketing of sugar produced in the FODs and for the equalization

<sup>1</sup> OJ L 119, 8.5.1986.

<sup>2</sup> OJ L 195, 23.7.1988.

<sup>3</sup> OJ L 169, 1.7.1988.

<sup>4</sup> OJ L 210, 3.8.1988.

<sup>5</sup> OJ C 235, 12.9.1988.

<sup>6</sup> Bull. EC 5-1988, point 2.1.137.

<sup>7</sup> OJ L 184, 15.7.1988.

<sup>8</sup> OJ L 205, 30.7.1988.

<sup>9</sup> OJ L 55, 1.3.1988; Bull. EC 2-1988, point 2.1.124.

<sup>10</sup> COM(88) 446.

<sup>11</sup> OJ L 191, 22.7.1988.

<sup>12</sup> Bull. EC 4-1988, point 2.1.142.

<sup>13</sup> OJ L 163, 22.6.1983.

<sup>14</sup> OJ L 188, 19.7.1988.



of the price conditions with preferential raw sugar.<sup>1</sup>

Pursuant to the basic Regulation<sup>2</sup> of 30 June 1981 and the Regulation<sup>1</sup> of 15 July 1986, raw cane sugar produced in the FODs and refined in the European regions of the Community is eligible, as an intervention measure, for transport and refining aid. In order to enable the Commission, in the light of experience, to intervene with a full knowledge of the facts, it is proposed that the quantities in question be fixed in two stages for the 1988/89 marketing year (first stage: July 1988-January 1989; second stage: February 1989-June 1989).

The new Regulation seeks to establish for the period July 1988-January 1989, on the basis of a raw sugar forward supply estimate for the Community, the breakdown of the quantities of FODs raw sugar by origin (Réunion, Martinique and Guadeloupe) and by destination for refining in the various European regions of the Community concerned, for the purpose of granting refining aid. The total quantity for the period in question is 242 000 tonnes expressed as tonnes of white sugar.

2.1.165. On 18 July the Commission adopted a Regulation adopting measures for the supply of raw sugar from beet harvested in the Community to Portuguese refineries during the 1988/89 marketing year.<sup>3</sup>

Article 9(4) of the Regulation<sup>2</sup> of 30 June 1981 stipulates that, to the extent necessary for the supply of refineries, provision may be made for the same measures as those taken in regard to raw sugar produced in the FODs to be applied to raw sugar produced from beet harvested in the Community. The raw sugar forward supply estimate for the Community (→ point 2.1.164) indicates that such sugar is available for Portuguese refineries. The new Regulation therefore seeks to make it possible to grant transport aid and refining aid for refining in Portuguese refineries subject to a limit of 20 000 tonnes expressed as white sugar for the 1988/89 marketing year.<sup>4</sup>

2.1.166. On 18 July the Commission adopted a Decision authorizing Portugal to import from third countries at a reduced levy certain quantities of raw sugar during the period 1 July 1988 to 31 January 1989.

Pursuant to the first and second subparagraphs of Article 303 of the Act of Accession, Portugal is authorized to import 75 000 tonnes expressed as white sugar during the transition period (until 1992/93) at a reduced levy. Pursuant to the third subparagraph of Article 303 Portugal may be authorized to import the quantities lacking from its supplies under the same conditions regarding the reduced levy as the abovementioned 75 000 tonnes. It emerges from the forward estimate (→ point 2.1.164) that the quantities lacking for the period 1 July 1988 to 31 January 1989 amount to 120 000 tonnes expressed as white sugar.

In January 1989, on the basis of the final figures for the past marketing year and actual production figures for the 1988/89 marketing year, the Community's raw sugar supply balance sheet will be reviewed to enable the Commission to draw the necessary conclusions as regards the quantities set out in the above Regulations (→ points 2.1.164 and 2.1.165) and to fix the quantities concerned for the second stage (February 1989-June 1989) of the 1988/89 marketing year.

### *Live plants and floricultural products*

2.1.167. On 7 July Parliament adopted a resolution on the live plants and floricultural products sector (→ point 2.4.24).<sup>5</sup>

### *Processed fruit and vegetables*

2.1.168. On 20 July the Commission suspended<sup>6</sup> until 31 October the issuing of

<sup>1</sup> OJ L 194, 17.7.1986.

<sup>2</sup> OJ L 177, 1.7.1981, Bull. EC 6-1981, point 2.1.88.

<sup>3</sup> OJ L 188, 19.7.1988.

<sup>4</sup> OJ L 223, 13.8.1988.

<sup>5</sup> OJ C 235, 12.9.1988.

<sup>6</sup> OJ L 190, 21.7.1988.

import licences for products processed from sour cherries and originating in Yugoslavia, since the quantity covered by licences had exceeded the 19 900 tonnes provided for in the agreement with Yugoslavia.

2.1.169. On 26 July the Commission fixed<sup>1</sup> for 1988/89 the minimum price to be paid to producers and the amount of the production aid for all processed fruit and vegetable products which, pursuant to the basic Regulation, come under the production aid scheme.

The overall amount of the aid is more than it was the previous year. The increase is particularly marked in the case of processed tomato products and is due to the fact that, unlike what happened in previous years, there was no overshooting of the guarantee threshold and hence no proportionate reduction in the aid, because the quota system introduced in 1985/86 has caused production to stabilize at a level below the guarantee threshold. However, the aid in 1988/89 for all processed tomato products has in fact declined when compared with the aid calculated for the previous marketing year minus the penalty for exceeding the threshold.

For the other products the changes in the aid are as follows: Williams pears in syrup (+4.17%), peaches in syrup (+0.06%), prunes (+5.72%), pineapples in syrup (+4.62%), dried grapes (+22.52%) and dried figs (-9.88%). In the case of dried grapes the trend in the minimum import price, together with the other factors in the calculation, led to the aid being adjusted upwards; in the case of figs the increase in the minimum price for imports into the Community caused the aid to be reduced.

Table 5 shows the changes in the aid.

The minimum price which processors must pay the producer in order to qualify for production aid was set by the Commission at the same level as in 1987/88 in view of the trend in the basic price in the fruit and vegetable sector and the need to ensure that fresh products were disposed of normally for the various uses.

Table 6 shows the changes in the aid.

2.1.170. On 26 July the Commission limited the production aid for Williams pears in syrup for 1988/89.<sup>1</sup> For each processing undertaking the aid is restricted to 99.3% of production.

2.1.171. On 26 July the Commission fixed the minimum import price applicable to dried grapes in the 1988/89 marketing year and the countervailing charge to be collected if that price is not respected.<sup>1</sup> The minimum import price was reduced by 5% in ecus compared with 1987/88 to take account of the real movement of market prices.

2.1.172. On 26 July the Commission amended<sup>1</sup> its Regulation of 21 December 1987<sup>2</sup> as regards the allocation of the quantity of preserved cultivated mushrooms which may be imported without payment of the additional amount during the period 1 January to 31 December 1988. This amendment is justified by the licences granted during the first half of the year.

2.1.173. On 26 July the Commission amended<sup>3</sup> its Regulation of 12 March 1985 on the purchasing, selling and storage of unprocessed dried grapes and figs by storage agencies,<sup>4</sup> so as to add a Spanish storage agency to the official list.

2.1.174. On 27 July the Commission fixed<sup>5</sup> the export refunds for products processed from fruit and vegetables as provided for in Article 12 of the Council Regulation of 24 February 1986.<sup>6</sup> This measure, which repeals the Commission Regulation of 11 May,<sup>7</sup> removes dried grapes from the list of products and gives a single amount per product for the whole of the Community.

<sup>1</sup> OJ L 201, 27.7.1988.

<sup>2</sup> OJ L 369, 29.12.1987.

<sup>3</sup> OJ L 202, 27.7.1988.

<sup>4</sup> OJ L 72, 13.3.1985; Bull. EC 3-1985, point 2.1.104.

<sup>5</sup> OJ L 203, 28.7.1988.

<sup>6</sup> OJ L 49, 27.2.1986.

<sup>7</sup> OJ L 122, 12.5.1988.

Table 5 — Amount of the production aid for processed fruit and vegetable products

Products	(in ecu/100 kg net)												% change from 1987/88 to 1988/89	
	1985-86		1986-87				1987-88			1988-89				
	EEC 9	Greece	EEC 9	Greece	Spain	Portugal	EEC 10	Spain	Portugal	EEC 10	Spain	Portugal	EEC 10	
Tomato concentrate	27	23.88	28.258	25.981	15.731	18.428	29.727	17.270	19.441	32.698	17.943	19.684	9.99	
Whole peeled S. Marzano tomatoes														
— preserved	12.41	8.31	11.746	8.733	3.917	—	11.584	3.566	—	11.672	5.258	—	0.76	
— frozen	10.38	6.94	8.817	6.555	3.917	—	8.270	3.566	—				41.13	
Whole peeled Roma tomatoes														
— preserved	9.08	6.32	8.642	6.808	4.119	2.361	8.227	3.262	1.848	8.316	4.344	3.212	1.08	
— frozen	7.59	5.28	6.487	5.110	4.119	2.361	5.873	3.262	1.848				41.60	
Non-whole peeled and frozen tomatoes	4.79	3.32	3.892	3.066	2.471	1.417	3.700	2.461	1.168	5.405	2.824	2.088	46.08	
Tomato juice	7-8 % 8-10 % 10-12 %	6.85	6.05	6.300	5.793	4.068	4.766	6.593	4.466	5.028	8.456	4.640	5.091	28.26
(heading 20.02 90 CN)		8.22	7.26	7.560	6.951	4.882	5.719	7.911	5.360	6.033	10.147	5.568	6.109	28.26
		10.04	8.88	9.240	8.496	5.967	6.990	9.670	6.551	7.374	12.403	6.806	7.46	28.26
Tomato juice	3.5-5 % 5-7 %	3.56	3.56	3.276	3.276	2.116	2.478	3.428	2.323	2.614	5.356	2.939	3.224	56.24
(heading 20.09 50 CN)		5.48	5.48	5.040	5.040	3.255	3.813	5.274	3.573	4.022	6.765	3.712	4.073	28.27
Tomato flakes		88.08	77.93	81.064	74.532	52.346	61.321	84.829	57.467	64.692	108.806	59.707	55.500	28.81
Peaches in syrup		19.50	12.46	14.625	9.482	10.553	14.625	14.363	11.242	14.363	14.371	11.874	14.371	0.06
Prunes		52.11	52.11	51.938	51.938	21.940	—	57.501	33.753	—	60.789	41.791	—	5.72
Williams pears in syrup		17.14	17.14	18.520	18.520	3.549	2.872	18.531	6.631	6.093	19.303	9.783	9.352	4.16
Cherries: <sup>1</sup> Whiteheart		16.27	16.27	16.585	16.585	1.987	16.585	0	0	0	—	—	—	—
Sour	16.27	16.27												
Other	16.27	16.27												
Sultanas		66.03	66.03	51.972	51.972	—	—	60.924	—	—	74.647	74.647	74.647	22.52
Dried figs 'C' quality		35.46	35.46	32.505	32.505	32.505	32.505	36.247	36.247	36.247	32.665	32.665	32.665	— 9.88
Pineapples		51.07		62.505				89.884	89.884	89.884	94.040	—	—	4.62

<sup>1</sup> Stoned.

Table 6 — Minimum price to be paid to producers of processed fruit and vegetable products

Products	(in ecu/100 kg net)												% change from 1987/88 to 1988/89	
	1985-86		1986-87				1987-88			1988-89				
	EEC 9	Greece	EEC 9	Greece	Spain	Portugal	EEC 10	Spain	Portugal	EEC 10	Spain	Portugal	EEC 10	
Tomato concentrate	9.72	8.61	9.234	8.707	5.358	5.814	8.911	5.794	6.161	8.911	6.417	6.711	0	
Peeled, and peeled and frozen S Marzano tomatoes, whole	16.26	14.70	15.447	14.706	7.939	—	14.752	8.776	—	14.752	9.972	—	0	
Peeled, and peeled and frozen Roma tomatoes, whole	12.38	11.05	11.761	11.129	7.413	6.175	11.349	7.853	6.857	11.349	8.552	7.755	0	
Peeled and frozen tomatoes non-whole	10.24	9.14	9.472	8.963	6.935	5.729	8.911	6.922	5.977	8.911	7.320	6.564	0	
Tomato juice (heading 20.09 CN)	9.72	8.61	9.234	8.717	5.358	5.814	8.911	5.794	6.161	8.911	6.417	6.711	0	
Tomato juice (heading 20.02 CN) {	7-8 %	9.72												8.61
	8-10 %	9.72												8.61
	10-12 %	9.72												8.61
Tomato flakes	12.38	11.05	11.761	11.129	7.413	6.175	11.349	7.853	6.857	11.349	8.552	7.755	0	
Peaches in syrup	34.76	31.27	31.284	29.714	26.725	31.284	28.781	25.286	28.781	28.781	25.985	28.781	0	
Prunes	172.19	172.19	167.024	133.609	—	—	158.673	132.222	—	158.673	137.511	—	0	
Williams pears in syrup	33.34	33.34	31.673	17.097	16.438	—	30.215	18.629	18.105	30.215	20.946	20.527	0	
Cherries: <sup>1</sup> Whiteheart	58.341	58.341	58.341	40.812	58.341	—	55.424	41.547	55.424	—	—	—	—	
Sour	58.341	58.341												
Other	58.341	58.341												
Sultanas	133.17	133.17	133.170	—	—	—	133.170	—	—	133.170	133.170	133.170	0	
Dried figs 'C' quality	67.65	67.65	67.650	67.650	67.650	67.650	67.650	67.650	67.650	67.650	67.650	67.650	0	
Pineapples	31.64		31.640	31.640	31.640	31.640	31.640	31.640	31.640	31.640	—	0		

<sup>1</sup> Stoned

2.1.175. On 29 July the Commission adopted a number of Regulations<sup>1</sup> which are all linked to the Council decisions on the 1988/89 'price package' (→ point 2.1.126 *et seq.*). They are:

(i) a Regulation amending the Regulation of 5 May 1984 laying down detailed rules for the application of the system of production aid for products processed from fruit and vegetables,<sup>2</sup> to take account of the discontinuation of aid for cherries in syrup and the extension of the aid scheme to dried muscatel grapes;

(ii) a Regulation amending for the 1988/89 marketing year the date of taking effect of the operative event creating entitlement to production aid and the rate applicable to the minimum price for processed tomato products, peaches in syrup, dried figs and Williams pears in syrup. This date is now 25 July 1988, the day on which the conversion rate applicable in agriculture changed, instead of from 1 to 15 July as provided for in the Regulation of 5 May 1984;<sup>2</sup>

(iii) a Regulation laying down detailed rules for the application of temporary measures relating to production aid for processed tomato products.

2.1.176. By a Regulation of 29 July the Commission fixed in advance the price of unprocessed currants from the 1987 harvest held by Greek storage agencies.<sup>3</sup> In order to enable a certain quantity of currants to be disposed of commercially from 1 September currants bought in by the storage agencies should be offered for sale at a price fixed in advance. This price is arrived at by reference to the difference in quality between currants from the 1987 harvest and currants from the 1988 harvest and takes account of the fact that this product no longer qualifies for production aid.

2.1.177. On 29 July the Commission amended<sup>4</sup> its Regulation of 28 February 1986 laying down detailed rules for the application of the supplementary trade mechanism to importation into Portugal of the products processed from fruit and vegetables listed in Annex XXII to the Act of

Accession.<sup>5</sup> The purpose of this measure is to raise the indicative ceiling for fruit juice by 30% for 1988, which does not cause any disturbance of the Portuguese market.

2.1.178. On 10 August the Commission amended<sup>6</sup> its Regulation of 31 July 1984 on dried grapes eligible for production aid.<sup>7</sup> The purpose of the amendment is to fix the coefficients to be used in calculating the minimum price to be paid to the producer and the amount of the aid for dried muscatel grapes and introduces the quality requirements and classification for processed and unprocessed dried muscatel grapes.

## Tobacco

2.1.179. The Commission, in pursuance of its policy of running down stocks and reducing the storage period for tobacco taken into intervention, accepted tenders for the export, without refunds, of four lots of tobacco for which an invitation had been issued,<sup>8</sup> involving a total of 5 111 133 kilograms of tobacco from the 1985 harvest held by the Italian intervention agency.<sup>9</sup>

2.1.180. On 11 July it issued an invitation to tender for the export, without refunds, of 5 821 891 kilograms of tobacco from the 1985 and 1986 harvests held by the Greek intervention agency.<sup>10</sup>

2.1.181. On 12 July it adopted a Regulation<sup>11</sup> derogating from the Regulation of 25 August 1970<sup>12</sup> as regards the time limits for concluding and registering cultivation contracts in respect of leaf tobacco. For contracts entering into force in 1987 the

<sup>1</sup> OJ L 205, 30.7.1988; OJ L 212, 5.8.1988.

<sup>2</sup> OJ L 152, 8.6.1984.

<sup>3</sup> OJ L 208, 2.8.1988.

<sup>4</sup> OJ L 205, 30.7.1988.

<sup>5</sup> OJ L 60, 1.3.1986.

<sup>6</sup> OJ L 228, 17.8.1988.

<sup>7</sup> OJ L 219, 16.8.1984.

<sup>8</sup> OJ C 132, 21.5.1988.

<sup>9</sup> OJ C 193, 22.7.1988.

<sup>10</sup> OJ L 181, 12.7.1988; OJ C 186, 16.7.1988.

<sup>11</sup> OJ L 182, 13.7.1988.

<sup>12</sup> OJ L 191, 27.8.1970.

time limits in question are set respectively at 30 June and 31 July 1988.

2.1.182. On 12 July the Commission amended<sup>1</sup> its Regulation of 24 June 1987 fixing the characteristics of each variety of tobacco grown in the Community<sup>2</sup> by providing for a mixed curing process to be used for tobacco of the Burley Port variety harvested in the Azores.

## Seeds

2.1.183. On 8 August the Commission amended<sup>3</sup> its Regulation of 2 August 1972 on certain detailed rules for aid for seed.<sup>4</sup> In the case of rice seed the aid is paid only on condition that the beneficiary proves to the satisfaction of the Member State concerned that the seed has actually been marketed for sowing. The purpose of this measure is to ensure that, in the case of seed which could be put to other uses, the aid is not improperly granted.

\*

2.1.184. On 11 July the Council adopted,<sup>5</sup> on a proposal from the Commission,<sup>6</sup> a Decision on special support for the development of agricultural statistics in Ireland. The Decision provides for a financial contribution from the Community to enable Ireland to carry out a programme for the modernization of its agricultural statistics system. Community participation in the cost of the overall programme is 50%, i.e. ECU 3.5 million for 1988, 1989 and 1990.

## Legislation

### Veterinary and animal husbandry

2.1.185. On 16 August the Commission sent the Council three proposals for Regulations on veterinary checks.<sup>7</sup> These proposals are intended to mark an important step forward in the completion of the internal market in the veterinary field.

The Commission believes that alongside the measures to combat animal diseases and extend the system of common health standards there should also be action on checks. The final objective should be to apply the same health checks to animals and animal products irrespective of whether they are intended for the national market or for intra-Community trade. This objective can only be attained gradually. Thus the first proposal provides for veterinary checks at the Community's internal frontiers to be eliminated during an initial stage. At the same time the safeguard clause is extended and altered to cover the whole of the sector.

The second proposal provides for veterinary checks to be intensified by laying down rules which are applicable both during the transitional period and at the internal market stage. Lastly, the third proposal clarifies the applicability of the Community rules<sup>8</sup> as regards mutual cooperation between the Member States' inspectorates, so as to make clear that they apply to the veterinary and plant health sectors.

2.1.186. On 1 July the Commission recognized the region of Limburg in the Netherlands as being officially free of classical swine fever.

2.1.187. On 12 July the Commission adopted a Decision<sup>9</sup> coordinating rules laid down by Member States in application of Article 6 of the Council Directive of 18 November 1985 introducing Community measures for the control of foot-and-mouth disease.<sup>10</sup>

2.1.188. On 5 July Parliament adopted a resolution on the effects and risks of using

<sup>1</sup> OJ L 182, 13.7.1988.

<sup>2</sup> OJ L 237, 20.8.1987.

<sup>3</sup> OJ L 220, 11.8.1988.

<sup>4</sup> OJ L 177, 4.8.1972.

<sup>5</sup> OJ L 186, 16.7.1988.

<sup>6</sup> OJ C 118, 5.5.1988; Bull. EC 4-1988, point 2.1.155.

<sup>7</sup> OJ C 225, 31.8.1988; COM(88) 383 final.

<sup>8</sup> OJ L 144, 19.5.1981.

<sup>9</sup> OJ L 189, 20.7.1988.

<sup>10</sup> OJ L 315, 26.11.1985; Bull. EC 11-1985, point 2.1.144.

the growth hormones and BST in the dairy and meat industries (→ point 2.4.24).<sup>1</sup>

### Feedingstuffs

2.1.189. On 14<sup>2</sup> and 26 July<sup>3</sup> respectively the Commission adopted two Directives aimed at bringing into line with the progress of scientific and technical knowledge the Annexes to the Council Directive of 23 November 1970 concerning additives in feedingstuffs<sup>4</sup> and the Annex to the Council Directive of 30 June 1982 concerning certain products used in animal nutrition.<sup>5</sup>

The changes to the Annexes to the Directive of 23 November 1970 involve: authorization at Community level for the use of perlite, a new anticaking agent, and certain iron and copper compounds used to denature skimmed-milk powder; authorization at national level for the use of maduramycin, a new coccidiostat; extension of the authorization at national level for the use of the growth promoter nitrovin, so that certain studies which are necessary before a decision to authorize this additive at Community level can be taken may be completed.

The changes to the Directive of 30 June 1982 involve authorization for two new products belonging to the amino-acid group.

### Competition

2.1.190. Under Articles 92 to 94 of the EEC Treaty, the Commission decided to make no objection to the introduction of the following draft measures notified by:

#### *Federal Republic of Germany*

##### Hessen

Promotion of joint projects in agriculture (changes to an existing measure).

Measures to assist young farmers. Debt consolidation and installation premium.

Aid scheme for the planting of trees to preserve the landscape.

##### Lower Saxony

Aid to help combat atrophic rhinitis and Aujeszky's disease (changes to existing measures).

Aid to agricultural machinery rings.

Encouragement for advisory services provided by agricultural and horticultural rings.

Aid to help combat infectious rhinotracheitis in cattle and infectious pustular vaginitis.

Aid for the laying fallow of cultivated land (subject to examination in the light of the Community's socio-structural provisions).

##### Bavaria

Agricultural credit programme.

Measures relating to the acquisition of sampling equipment for milk collection vehicles.

##### Schleswig-Holstein

Aid to machinery rings to encourage the rational use of agricultural machinery.

##### Hamburg

Modification of existing aid in the form of an interest rebate to cover the cash-flow requirements arising from particularly difficult situations on certain farms. The Commission approved the existing aid.

##### Rhineland-Palatinate

Aid for the laying fallow of cultivated land (subject to examination in the light of the Community's socio-structural provisions).

<sup>1</sup> OJ C 235, 12.9.1988.

<sup>2</sup> OJ L 237, 27.8.1988.

<sup>3</sup> OJ L 239, 30.8.1988.

<sup>4</sup> OJ L 270, 14.12.1970.

<sup>5</sup> OJ L 213, 21.7.1982.

*Belgium*

Application of the Act of 17 July 1959 to assist a cheese factory at Rhisnes.

Compulsory levies to finance the promotion of non-edible horticultural produce.

*Denmark*

Amended 1988 budget for the farming funds ('pro mille' fund).

Amended 1986/87 budget for the pigmeat fund.

*France*

Reduction in the excise duty on the use of bioethanol in mineral oils.

Measure to assist agriculture proposed at the special agricultural conference on 25 February — Grant of an interest-free loan to farmers in difficulty to enable them to pay their social security contributions.

Aid for plant production in dry areas, as envisaged at the special agricultural conference of 25 February (subject to examination in the light of the Community's socio-structural provisions).

*Italy*

*Calabria*

Bill on financial and credit facilities for agricultural undertakings.

*Friuli-Venezia Giulia*

Bill introducing measures to assist the installation of young farmers.

*Sicily*

Bill providing for aid to agriculture: restructuring, research, technico-economic advisers, publicity, plant health measures, compensation for disasters.

Bill providing for measures to assist farms affected by natural disasters.

*Veneto*

Regional Bill No 225 concerning the evaluation of agro-food products (advertising aids, research, etc.).

*United Kingdom*

Aid for the conversion of arable land into woodland (Farm Woodland Scheme).

Investment aid relating to the processing and preparation for sale of broilers and turkeys.

*Spain*

*Catalonia*

Regional Decree of 18 May 1988 on aid for the prevention of forest fires.

2.1.191. The Commission decided to initiate the Article 93(2) procedure in respect of the following aid schemes;

*Belgium*

Compulsory levies intended to finance the promotion of products in the pigmeat, beef/veal, sheepmeat, goatmeat and horsemeat sectors, because of the method chosen (taxes on imports and exports) and in order to obtain further information on this and on the aid granted.

*France*

Aid for the storage of hemp seed (FF 140/q).

*Italy*

Multiannual national Act (1986-90) on aid (80%) to agriculture: checks in the livestock sector, payment of insurance premiums



against non-payment for agricultural produce sold to industry, intervention on the agro-food market, measures to assist the launching of producers' organizations.

2.1.192. The Commission decided to terminate the Article 93(2) procedure in respect of the following aid schemes:

### *Federal Republic of Germany*

#### **Bavaria**

Measures for the maintenance of cultivated land (extensification programme), the measures having been repealed.

#### *Italy*

Aid for sugar producers and merchants provided for in October 1984. The Commission decided to close the file on the aid for sugar merchants and to withdraw the referral it had made to the Court concerning Italy's failure to apply its Decision laying down the conditions for the grant of the aid to sugar producers.<sup>1</sup> This was because on 27 January the Italian authorities adopted a Decision repealing the Decision of 11 October 1984 on the grant of the aid.

#### **Calabria**

Act No 26/86 on aid for the development of stockfarming, the Italian authorities having abolished those aid schemes which were incompatible, adjusted the rates of aid to those set by the Commission or replaced aid schemes which were incompatible with the common market by compatible ones.

2.1.193. Pursuant to the first paragraph of Article 92(2) the Commission decided to ask the Italian authorities not to implement the aid scheme for Sicily regarding the creation of a regional fund to promote citrus fruit exports through the granting of five-year loans at a reduced interest rate (8%).<sup>2</sup>

## **Forests**

2.1.194. On 22 July the Commission decided to grant financial support to 46 projects submitted to it by the Member States for 1988 under the Regulation of 17 November 1986 on the protection of forests against fire.<sup>3</sup> The amount granted totals ECU 4.34 million.

## **European Agricultural Guidance and Guarantee Fund**

### **Financial report**

2.1.195. On 29 July the Commission forwarded to the Council and to Parliament the 17th financial report<sup>4</sup> on the European Agricultural Guidance and Guarantee Fund, Guidance Section.<sup>5</sup>

The appropriations allocated to the Guidance Section are relatively small (approximately 4% of the total EAGGF budget) compared with the Guarantee appropriations. In 1986 and 1987 the budget appropriations were rather larger than in 1985, allowing for a corresponding increase in aid from the Guidance Section.

Among the common measures, the scheme for the improvement of marketing and processing structures for agricultural products was again in 1987, as in previous years, that involving the heaviest commitment of appropriations: ECU 305.1 million were assigned to this measure, which enabled 926 projects to be financed.

As regards direct measures to assist agriculture in the Mediterranean regions, in 1987 a total of 83 projects and special programmes relating to infrastructure in rural areas<sup>6</sup> or to reafforestation<sup>7</sup> received aid

<sup>1</sup> OJ L 291, 15.10.1986.

<sup>2</sup> OJ C 213, 11.8.1987; Bull. EC 6-1987, point 2.1.189.

<sup>3</sup> OJ L 326, 21.11.1986; Bull. EC 11-1986, point 2.1.203.

<sup>4</sup> COM(88) 437 final.

<sup>5</sup> Bull. EC 7/8-1987, point 2.1.236.

<sup>6</sup> OJ L 204, 28.7.1978.

<sup>7</sup> OJ L 38, 14.2.1979.

totalling ECU 23.6 million under the IMPs.<sup>1</sup>

Among the indirect measures, i.e. those involving reimbursement, the scheme to assist mountain and hill farming and farming in certain less-favoured areas entailed expenditure of ECU 260.7 million thus ranking second in financial terms.

The scheme for the modernization of farms entailed expenditure of ECU 135.4 million. Expenditure on the various schemes in the wine sector, i.e. to assist restructuring, the changeover to new varieties and the definitive abandonment of certain areas under vines, amounted to ECU 72.9 million in 1987, while expenditure on premiums for the non-marketing of milk fell to ECU 0.02 million as the scheme draws to a close.

## Guarantee Section

2.1.196. In connection with the implementation of paragraph 8 of the conclusions of last February's European Council,<sup>2</sup> the Commission forwarded to the budgetary authority on 19 July and 2 August respectively the fourth and fifth monthly reports on the evolution of EAGGF Guarantee expenditure (early warning system).<sup>3</sup>

The fourth report deals with the provisional evolution of expenditure incurred by the Member States between November 1987 and April 1988, while the fifth report deals with the provisional evolution of expenditure between November 1987 and May 1988.

2.1.197. On 14 July the Commission adopted a Regulation establishing amounts and detailed rules for the depreciation of certain stocks of cereals, butter, beef, alcohol and tobacco held in public intervention.<sup>4</sup>

The Regulation fixes the amount of depreciation for each of these products. Depreciation takes effect from 1 July and involves a total of around ECU 700 million.

## Guidance Section

### *EAGGF aid*

2.1.198. Pursuant to the Council Regulation (EEC) No 355/77 of 15 February 1977 on improving the conditions under which agricultural products are processed and marketed,<sup>5</sup> the Commission adopted on 30 June a number of Decisions granting aid from the EAGGF Guidance Section.

Aid totalling ECU 136 683 292 was granted to 404 projects. Generally speaking, this aid covers up to 25% of the total cost of the investments involved.

In the following regions, the level of aid is 35%: in France, Languedoc-Roussillon and the departments of Vaucluse, Bouches-du-Rhône, Var, Ardèche and Drôme; in Spain, the autonomous communities of Asturias, Cantabria, the Basque Country (except for the province of Vizcaya), Navarre, Rioja, Aragon (the province of Zaragoza), Catalonia (except for the province of Barcelona), Valencia, Murcia, Andalusia (except for the provinces of Granada and Huelva) and the Balearic Islands.

Aid of up to 50% is granted in the following regions: the Mezzogiorno, the West of Ireland, all of Ireland for projects in the pig sector, all of Greece except for the Greater Athens region, Portugal, the French overseas departments and, in Spain, the autonomous communities of Galicia, Castile-Leon, Castile-La Mancha, Extremadura, Andalusia (the provinces of Granada and Huelva), Aragon (the provinces of Huesca and Teruel) and the Canary Islands.

The breakdown by Member State of the first tranche for 1988 is given in Table 7.

<sup>1</sup> OJ L 197, 27.7.1985; Bull. EC 7/8-1985, point 2.1.106.

<sup>2</sup> Bull. EC 2-1988, point 1.1.1.

<sup>3</sup> Bull. EC 6-1988, point 2.1.236.

<sup>4</sup> OJ L 184, 15.7.1988.

<sup>5</sup> OJ L 51, 23.2.1977.

Table 7 — *EAGGF Guidance Section aid for the processing and marketing of agricultural products under Regulation (EEC) No 355/77*

	Number of projects	Aid granted	
		in national currency	in ecus <sup>1</sup>
Belgium	24	310 964 351	7 161 826
Denmark	15	30 563 722	3 822 978
FR of Germany	24	19 011 225	9 160 711
Greece	18	3 816 861 844	22 867 647
Spain	100	2 483 329 952	18 089 392
France	72	116 126 490	16 479 743
Ireland	18	10 298 729	13 248 646
Italy	36	41 186 341 245	26 698 781
Luxembourg	1	2 895 725	66 691
Netherlands	26	8 306 059	3 569 596
Portugal	33	1 745 557 857	10 277 115
United Kingdom	37	3 466 838	5 240 160
Total	404	—	136 683 292

<sup>1</sup> May 1988 exchange rates.

2.1.199. Pursuant to Council Regulation (EEC) No 1941/81 of 30 June 1981 on an integrated development programme for the less-favoured areas of Belgium,<sup>1</sup> the Commission adopted on 30 June six Decisions granting a total of ECU 319 857 in EAGGF Guidance Section aid as part of the first tranche for 1988.<sup>2</sup>

2.1.200. Pursuant to Council Regulation (EEC) No 269/79 of 6 February 1979 establishing a common measure for forestry in certain Mediterranean zones of the Com-

munity,<sup>3</sup> the Commission adopted on 30 June six special programmes submitted by France and Italy. The aid, totalling ECU 25 930 079, breaks down as follows (Table 8):

<sup>1</sup> OJ L 197, 20.7.1981.

<sup>2</sup> May 1988 exchange rates.

<sup>3</sup> OJ L 38, 14.2.1979.

Table 8 — *EAGGF Guidance Section aid for special programmes under Regulation (EEC) No 269/79*

	Number of projects	Aid granted	
		in national currency	in ecus <sup>1</sup>
France	4	75 772 181	10 805 209
Italy	2	23 379 419 000	15 124 869
Total	6	—	25 930 079

<sup>1</sup> May 1988 exchange rates

2.1.201. Pursuant to Council Regulation (EEC) No 458/80 of 18 February 1980 on collective projects for the restructuring of vineyards,<sup>1</sup> the Commission adopted on 29 March a number of Decisions granting aid for 1988.<sup>2</sup> Aid totalling ECU 8 450 544<sup>3</sup> was granted to 52 Spanish projects.

2.1.202. During 1988 the Guidance Section paid ECU 195.5 million to eight Member States in connection with 10 different indirect measures to improve agricultural structures. Of this total, ECU 68 million were for socio-structural measures, ECU 127.5 million for measures to assist the less-favoured regions (including ECU 102.8 million for compensatory allowances) and ECU 24.7 million for aid connected with the market organizations.

### International dimension

2.1.203. On 29 July the Commission sent to the Council a proposal for a Regulation establishing a financing facility for imports of food products by developing countries from the European Community and a proposal for a Directive establishing the terms and conditions of officially supported export credits for agricultural products.<sup>4</sup>

The proposals form part of the rationalization process which the Community has set in motion with the reform of the common agricultural policy, to which the Brussels European Council in February gave a major

political stimulus.<sup>5</sup> They are also in line with the objectives of development aid policy as set out in the guidelines for the renewal of the ACP-EEC Convention.<sup>6</sup>

In order to help meet the developing countries' food import requirements, the proposal for a Regulation seeks to establish a financing facility to be used on a case-by-case basis at these countries' request. The facility combines use of refunds on the basis of world market prices with concessional credit guaranteed by the Community with a grant element of at least 35% and repayment periods in excess of three years. The grant element, estimated at ECU 76 million, will be funded from budget appropriations entered in the EAGGF Guarantee section of the budget.

The facility will be implemented on the basis of precise criteria, including the economic and financial situation of the recipient country, and in particular its balance of payments, the special or traditional nature of the country's relations with the Community, the scale of efforts being made to carry out an adjustment policy, including food aspects, and the impact on the agricultural exports of other developing countries.

<sup>1</sup> OJ L 57, 29.2.1980.

<sup>2</sup> OJ C 125, 12.5.1988.

<sup>3</sup> March 1988 exchange rates.

<sup>4</sup> COM(88) 431 final.

<sup>5</sup> Bull. EC 2-1988, point 1.1.1 *et seq.*

<sup>6</sup> Bull. EC 3-1988, point 2.2.44.

In addition, a strict framework should be established for Member States' commercial export credits for agricultural products, since in the absence of an international agreement along the lines of the OECD consensus on export credits for industrial goods,<sup>1</sup> commercial food exports are floating in a kind of legal void. For the Community the result has been distortions of competition between exporting Member States. The Commission is proposing that the Council take the initiative of establishing a Community framework. This is the objective of the proposal for a Directive, which is stricter than the OECD consensus and provides for limiting credits to 180 days in normal circumstances, for prohibiting subsidies and, in general, for prohibiting tied-aid credits.

2.1.204. The Community took part in the 16th European Regional Conference of the United Nations Food and Agricultural Organization held in Cracow from 23 to 26 August (→ point 2.2.44).

## Fisheries

### Resources

#### *Internal aspects*

#### Community measures

##### *TACs and quotas*

2.1.205. On 19 July the Commission sent to the Council a proposal<sup>2</sup> amending the Regulation of 21 December 1987 fixing, for certain stocks and groups of fish stocks, the total allowable catches for 1988 and certain conditions under which they may be fished.<sup>3</sup> The aim of this proposal is to reduce the total volume of Community catches of cod in division IIb (Svalbard and Bear Island).

#### *Technical measures*

2.1.206. On 26 July the Commission adopted an amendment<sup>4</sup> to the Regulation of 22 December 1987 establishing the list of vessels exceeding eight metres length overall and permitted to use within certain coastal areas of the Community beam trawls whose aggregate length exceeds eight metres.<sup>5</sup>

#### *External aspects*

##### Bilateral relations

##### *Comoros*

2.1.207. The agreement between the Community and the Comoros on fishing off the coast of that country<sup>6</sup> was signed in Brussels on 20 July and entered into force on that same date.

##### *Somalia*

2.1.208. A first round of negotiations concerning a fisheries agreement between the Community and Somalia was held in Brussels on 13 and 14 July.

##### *Mauritius*

2.1.209. Exploratory talks on the possible conclusion of an EEC-Mauritius fisheries agreement were held between a Commission delegation and the national authorities in Port Louis on 4 July.

##### *Morocco*

2.1.210. The Joint Committee provided for in the EEC-Morocco agreement on relations in the sea fisheries sector held its first meeting in Brussels from 5 to 7 July.<sup>7</sup>

<sup>1</sup> Bull. EC 10-1983, point 2.2.10.

<sup>2</sup> COM(88) 435 final.

<sup>3</sup> OJ L 375, 31.12.1987; Bull. EC 12-1987, point 2.1.239.

<sup>4</sup> OJ L 202, 27.7.1988.

<sup>5</sup> OJ L 363, 23.12.1987; Bull. EC 12-1987, point 2.1.241.

<sup>6</sup> OJ L 137, 2.6.1988; Bull. EC 5-1988, point 2.1.174.

<sup>7</sup> OJ L 181, 12.7.1988; Bull. EC 6-1988, point 2.1.239.

*Norway*

2.1.211. Consultations on the North-East Arctic cod stock were begun between the Community and Norway, at the latter's request, following the revision in May of the recommendations which the International Council for the Exploration of the Sea (ICES) had issued for the stock concerned in 1988.

*Greenland*

2.1.212. At Greenland's request consultations were held in Copenhagen on 12 August. The Community and Greenland agreed to an additional cod catch quota for the Community for 1988 in the waters to the west of Greenland.

*Sri Lanka and the Maldives*

2.1.213. On 28 July the Commission sent to the Council a recommendation for a decision authorizing the Commission to negotiate fisheries agreements with Sri Lanka and the Maldives.

**Multilateral relations***Indian Ocean Fishery Commission (IOFC)*

2.1.214. The Commission attended as an observer the 10th meeting of the Committee for the Management of Indian Ocean Tuna, which was held on Mauritius from 28 June to 1 July.

*Baltic Sea, Belts and Sound*

2.1.215. On 18 July the Council, acting on a proposal from the Commission,<sup>1</sup> adopted a Regulation<sup>2</sup> amending that of 12 June 1986 laying down certain technical measures for the conservation of fishery resources in the waters of the Baltic Sea, the Belts and the Sound.<sup>3</sup>

**Markets and structures***Market organization*

2.1.216. On 22 July the Commission adopted a Regulation fixing the reference prices for carp for the 1988/89 marketing year.<sup>4</sup> Price levels are to remain the same as last year<sup>5</sup> for the periods running from 1 August to 30 November 1988 and from 1 December to 31 December 1988. Prices will, however, be increased by 1% in ecu terms for the period running from 1 January to 31 July 1989.

2.1.217. On 25 July the Commission adopted a Regulation<sup>6</sup> amending that of 21 December 1987 fixing import quotas for products subject to quantitative restrictions (1988 fishing year).<sup>7</sup> The purpose of the amendment was to end the restrictions on Portuguese imports of frozen squid and to raise the Portuguese import quota for frozen fillets of hake to 150 tonnes. To take account of this increase the Commission amended on the same date<sup>6</sup> the Regulation of 21 December 1987 fixing, for the 1988 fishing year, the overall foreseeable level of imports for products subject to the supplementary trade mechanism.<sup>7</sup>

2.1.218. On 11 August the Commission adopted two Regulations<sup>8</sup> fixing the maximum level of compensation for tuna supplied to the canning industry; the first of these Regulations relates to the 1986 marketing year and the second to the period from 1 January to 30 June 1987.

*Structures*

2.1.219. On 25 July the Commission, acting under the Council Regulation of

<sup>1</sup> Bull. EC 5-1988, point 2.1.180.

<sup>2</sup> OJ L 191, 22.7.1988.

<sup>3</sup> OJ L 162, 18.6.1986; Bull. EC 6-1986, point 2.1.216.

<sup>4</sup> OJ L 195, 23.7.1988.

<sup>5</sup> OJ L 203, 24.7.1987; Bull. EC 7/8-1987, point 2.1.255.

<sup>6</sup> OJ L 200, 26.7.1988.

<sup>7</sup> OJ L 386, 31.12.1987; Bull. EC 12-1987, point 2.1.259.

<sup>8</sup> OJ L 228, 17.8.1988.

18 December 1986 on Community measures to improve and adapt structures in the fisheries and aquaculture sector,<sup>1</sup> decided to grant, as the first instalment for 1988, aid totalling ECU 7.63 million towards 14 Portuguese projects relating to the construction of fishing vessels.

2.1.220. On 26 July the Commission also approved two Regulations<sup>2</sup> laying down detailed rules for the application of Regulation (EEC) No 4028/86;<sup>1</sup> the first relates to measures for the provision of facilities at fishing ports and the second to measures designed to find new market outlets.

### State aid

2.1.221. The Commission decided to raise no objection to the implementation of two aid schemes, namely a draft Spanish Royal Decree on aid to producers' organizations and other commercial fishery bodies and a Danish fund for trout fisheries.

It decided, however, to initiate the Article 93(2) procedure in respect of an aid scheme in Finistère (France) for the purchase of second-hand vessels measuring under 12 metres. The Commission found that the terms of the scheme did not ensure compliance with all the requirements which such aid must satisfy in order to be considered compatible with the common market, as stipulated in the new guidelines which the Commission laid down in June this year for the examination of national aid in the fisheries sector.

Lastly, the Commission decided to terminate the Article 93(2) procedure in respect of certain provisions in a Sicilian Regional Act, since the legislation in question was no longer to be implemented by the Italian authorities.

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2.1.222. On 6 July the Economic and Social Committee adopted an opinion on the social aspects of sea fisheries (→ point 2.4.67).

## Transport

### Infrastructure

2.1.223. On 7 July Parliament adopted a resolution on the Channel Tunnel (→ point 2.4.24).<sup>5</sup>

### Inland transport

#### Road transport

#### Technical aspects

2.1.224. On 26 July, acting on a Commission proposal,<sup>6</sup> the Council adopted a Directive<sup>7</sup> amending the Directive of 29 December 1976 on the approximation of the laws of the Member States relating to roadworthiness tests for motor vehicles and their trailers.<sup>8</sup> The aim of the Directive is to extend the existing Community provisions to cover light goods vehicles (less than 3.5 tonnes) so as to ensure that minimum inspection standards apply (intervals and technical items to be tested). The new provisions are due to enter into force on 1 January 1993 in the case of the Member States already requiring roadworthiness tests for such vehicles and on 1 January 1995 for the rest.

### Inland waterways

2.1.225. On 7 July Parliament adopted a resolution on inland ports (→ point 2.4.24).<sup>5</sup>

<sup>1</sup> OJ L 376, 31.12.1986; Bull. EC 12-1986, point 2.1.285.

<sup>2</sup> OJ L 202, 27.2.1988.

<sup>3</sup> Bull. EC 6-1988, point 2.1.252.

<sup>4</sup> Bull. EC 12-1987, point 2.1.271.

<sup>5</sup> OJ C 235, 12.9.1988.

<sup>6</sup> OJ C 133, 31.5.1986; Bull. EC 4-1986, point 2.1.151; OJ C 183, 11.7.1987; Bull. EC 6-1987, point 2.1.223.

<sup>7</sup> OJ L 222, 12.8.1988.

<sup>8</sup> OJ L 47, 18.2.1977, Tenth General Report, point 448.

## Air transport

2.1.226. On 26 July the Commission adopted a proposal for a Regulation for a mandatory code of conduct for all computerized reservation systems (CRS) offered for use and/or used in the Community in connection with air transport.<sup>1</sup> The proposal, which covers scheduled and charter passenger and freight services, is designed to ensure that the air transport market does not become distorted by the discriminatory use of CRS.

2.1.227. Also on 26 July the Commission adopted three Regulations on competition in the air transport sector (→ point 2.1.53).

2.1.228. On 7 July Parliament adopted a resolution on the future of Eurocontrol in the context of traffic control in Western European airspace (→ point 2.4.24).<sup>2</sup>

2.1.229. Also on 7 July it adopted two resolutions on the potential capacity of Community airports to meet the challenge of 1992 (congestion of airports and the problems of air safety) and another on the liberalization of air transport, completion of the internal market and the consequences for air safety (→ point 2.4.24).<sup>2</sup>

## Multimodal transport

2.1.230. On 19 July the Commission sent the Council a proposal for a Fifth Directive on summer time arrangements<sup>3</sup> to succeed the Fourth Directive.<sup>4</sup> The aim of this proposal is to lay down the dates when summer time will begin and end during the three-year period 1990-92.

## Energy

### Specific problems

#### Solid fuels

#### *Demonstration projects*

2.1.231. On 26 July under the Community's 1986-89 energy demonstration

programme,<sup>5</sup> the Commission decided to grant financial support totalling ECU 3 073 440 to three industrial pilot and demonstration projects concerning the liquefaction and gasification of solid fuels.

2.1.232. It also decided, on the same day, and under the same programme, to grant financial support totalling ECU 22 477 200 to 11 demonstration projects designed to substitute solid fuels for oil and gas.

#### Oil and gas

2.1.233. As required by the Council Regulation of 20 December 1985 on a programme of support for technological development in the oil and gas sector (1986-89),<sup>6</sup> on 7 July the Commission approved the first periodic report<sup>7</sup> to the Council and Parliament on the implementation of the Regulation. It analyses the implementation of the support programme until 31 December 1987, and reviews the main results obtained in 1986 and 1987. It also takes stock of the situation with regard to reimbursement of the financial support.

2.1.234. Pursuant to this Regulation,<sup>6</sup> the Commission, acting on the opinion of the Advisory Committee on Energy, decided on 22 July to grant financial support totalling ECU 36 million to 46 technological projects in the oil and gas sector.

2.1.235. Also on the basis of this Regulation, on 17 August the Commission published an invitation to submit, no later than 16 January 1989, applications for financial support for energy demonstration projects.<sup>8</sup>

<sup>1</sup> COM(88) 447.

<sup>2</sup> OJ C 235, 12.9.1988.

<sup>3</sup> OJ C 201, 2.8.1988; COM(88) 401 final.

<sup>4</sup> OJ L 6, 9.1.1988; Bull. EC 12-1987, point 2.1.282.

<sup>5</sup> OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.226.

<sup>6</sup> OJ L 350, 27.12.1985; Bull. EC 12-1985, point 2.1.221.

<sup>7</sup> COM(88) 380 final.

<sup>8</sup> OJ C 215, 17.8.1988.



## Energy saving

2.1.236. On 7 July Parliament adopted an opinion<sup>1</sup> on the Commission proposal on information on the energy efficiency of buildings.<sup>2</sup> Parliament approved the proposal on condition that its amendments are adopted, and calls on the Council to inform it if the Council intends to depart from the approved text.

## Electricity

2.1.237. In July Parliament adopted its opinion<sup>1</sup> on the proposal for a recommendation to the Member States to promote cooperation between public electricity suppliers and private electricity generators.<sup>3</sup>

## Nuclear safety

### Radiation protection

#### *Basic standards*

2.1.238. On 5 July the Commission adopted a Regulation<sup>4</sup> laying down procedures for implementing the Council Regulation of 22 December 1987<sup>5</sup> on the conditions governing imports of agricultural products originating in third countries following the accident at the Chernobyl nuclear power-station.<sup>6</sup>

#### *Discharges of radioactive effluent*

2.1.239. On 1 July and 7 July respectively the Commission delivered opinions, pursuant to Article 37 of the Euratom Treaty, on two planned discharges of radioactive waste in the Federal Republic of Germany, one from the Neckar II nuclear power-station and the other in connection with the dis-

mantling of the Niederaichbach nuclear power-station.<sup>7</sup>

### Decommissioning of power-stations

2.1.240. On 25 July, acting on a Commission proposal,<sup>8</sup> the Council decided<sup>9</sup> to extend until 22 June 2000 the period of validity of its two Decision<sup>10</sup> of 18 June 1963 on the establishment of the 'Kernkraftwerk RWE-Bayernwerke GmbH' Joint Undertaking and on the conferring of advantages on and the transfer of knowledge by that undertaking.

### Radioactive waste

2.1.241. On 21 June the Committee of Inquiry on the handling and transport of nuclear material, set up by Parliament in the wake of the Mol-Transnuklear affair,<sup>11</sup> adopted its final report. In its conclusions the Committee of Inquiry called on the Commission to propose rules on the trans-frontier shipment of nuclear waste from the point of origin to the point of storage, on radiation protection for part-time and temporary workers in the nuclear sector and on all aspects of radioactive waste management. It also called on the Commission to exercise the right of inspection conferred on it by Chapter III of the Euratom Treaty.

On 6 July Parliament adopted a resolution on the findings of the Committee of Inquiry<sup>1</sup> (→ point 2.4.24).

<sup>1</sup> OJ C 235, 12.9.1988.

<sup>2</sup> OJ C 267, 6.10.1987; Bull. EC 9-1987, point 2.1.191.

<sup>3</sup> OJ C 172, 1.7.1988; Bull. EC 4-1988, point 2.1.188.

<sup>4</sup> OJ L 174, 6.7.1988.

<sup>5</sup> OJ L 371, 30.12.1987; Bull. EC 12-1987, point 2.1.291.

<sup>6</sup> Bull. EC 5-1986, points 1.1.1 to 1.1.5.

<sup>7</sup> OJ L 208, 2.8.1988.

<sup>8</sup> OJ L 222, 12.8.1988.

<sup>9</sup> Bull. EC 4-1988, point 2.1.90.

<sup>10</sup> OJ 93, 22.6.1963.

<sup>11</sup> Bull. EC 1-1988, point 2.1.109.

## 2. External relations

### Uruguay Round

#### Trade Negotiations Committee

2.2.1. The Trade Negotiations Committee met in Geneva on 26 July<sup>1</sup> to review progress and prepare the ground for the mid-term review to be held in Montreal in December. It examined reports from the Negotiating Group on Goods, the Negotiating Group on Services and the Surveillance Body.

#### Negotiating group meetings

##### *Intellectual property*

2.2.2. In July the Commission sent to GATT, on behalf of the Community, guidelines and objectives proposed by the European Community for the negotiations on the trade-related aspects of substantive standards of intellectual property rights.

While the November 1987 proposals focused largely on issues related to the enforcement of intellectual property rights, the new guidelines proposed by the Community seek to address the trade problems arising from inadequate or excessive substantive standards. To this end, the Community advocates first of all that all parties to a GATT agreement in this area should accede to the Paris Convention for the Protection of Industrial Property and the Berne Convention for the Protection of Literary and Artistic Works. Secondly, the Commission proposes substantive principles in areas in which there are lacunae. Lastly, the Commission suggests that a GATT agreement should provide for the implementation of certain general GATT principles in the area of intellectual property rights.

In presenting these proposals to the negotiating group on 7 July, the Community emphasized that the negotiations would only be successful if there was agreement both on the enforcement rules and on the

principles relating to substantive rules; this would not, however, necessitate uniform national legislation.

Switzerland put forward a proposal on the same subject advocating a different approach but pursuing the same objectives.

##### *Agriculture*

2.2.3. The Negotiating Group on Agriculture met in Geneva on 13 and 14 July to discuss the framework for future negotiations put forward by the Cairns Group.<sup>2</sup> In the course of discussions the Commission restated the proposals for short-term measures it presented in June.<sup>3</sup>

##### *Non-tariff measures*

2.2.4. The Negotiating Group on Non-tariff Measures met in Geneva on 18 and 19 July.<sup>4</sup> The Community presented its preliminary communication containing proposals for the measures to be dealt with, either multilaterally or by the request/offer procedure. The United States, Japan and a group of contracting parties known as the 'De la Paix Group'<sup>5</sup> also presented communications.

##### *Dispute settlement*

2.2.5. The Negotiating Group on Dispute Settlement met in Geneva on 11 July. It

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<sup>1</sup> Previous meeting: Bull. EC 2-1988, point 2.2.2.

<sup>2</sup> This group, which was set up on Australia's initiative in Cairns, Queensland, in August 1986, with the new GATT round in view, claims to be made up of 'fair traders', i.e. countries which maintain that they do not subsidize agriculture and that their trade is upset by the subsidies granted by the main industrialized countries. The members of the group are: Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, Philippines, New Zealand, Thailand and Uruguay.

<sup>3</sup> Bull. EC 6-1988, point 2.2.1.

<sup>4</sup> Previous meeting: Bull. EC 2-1988, point 2.2.6.

<sup>5</sup> Members of the 'De la Paix Group' are: Australia, New Zealand, Canada, Sweden, Finland, Iceland, South Korea, Hungary, Pakistan, Colombia, Singapore and Zaire.

looked at the issue of differentiated treatment for developing countries, the procedure for settlement of disputes involving several parties, and the main points to be negotiated, listed under a number of headings: objectives; notification; consultation, good offices, conciliation and mediation; panel procedures; arbitration procedure; and surveillance and strengthening of undertakings.<sup>1</sup>

### *Tropical products*

2.2.6. The Negotiating Group on Tropical Products<sup>2</sup> held informal consultations in Geneva in the week from 27 June to 1 July, with the Community playing the most active role, but failed to make tangible progress. The Group adopted a work programme up to the end of October with the aim of obtaining a positive result for the mid-term review.

### *Safeguards*

2.2.7. The Negotiating Group on Safeguards met in Geneva on 14 and 15 July,<sup>3</sup> to continue work on the content of a possible comprehensive Safeguards Agreement. Discussions centred on domestic adjustment assistance measures, the role of compensation and retaliatory measures and notification and consultation provisions.

## Commercial policy

### Implementing the common commercial policy

#### *Commercial policy instruments*

#### **Changes to anti-dumping rules**

2.2.8. On 11 July the Council, on a proposal from the Commission,<sup>4</sup> replaced its Regulation of 23 July 1984 on protection against dumped or subsidized imports from countries not members of the European

Economic Community<sup>5</sup> with a consolidated text<sup>6</sup> bringing together all the amendments made since 1984 and incorporating further amendments designed to clarify procedures, particularly the calculation of normal value and export prices, and to prevent exporters from nullifying the effects of anti-dumping duties by bearing the cost themselves.

Even with these innovations the Community's anti-dumping legislation remains among the most liberal in the world: it is fully in line with the GATT rules; investigations are never opened unless there is a complaint from the industry concerned, unlike in other countries; the Community ensures that the investigation covers both dumping practices and the damage caused to industry; where the Commission finds that there is both dumping and damage an anti-dumping duty is not automatically imposed, unlike in the United States; the Community legislation contains a public interest clause which results, for example, in a discussion with consumers or the processing industry, as the case may be, to establish whether there is a genuine need for an anti-dumping duty; an anti-dumping duty is only imposed to cover the damage, so it is often below the dumping margin established; duties are not applied with retroactive effect; a considerable proportion of cases are resolved amicably; after five years, the anti-dumping duty automatically lapses ('sunset clause') unless the European industry concerned can prove that the damage persists.

2.2.9. On 29 July the Commission adopted a Decision applying the same rules to ECSC products.<sup>7</sup>

<sup>1</sup> Bull. EC 9-1987, point 2.2.2.

<sup>2</sup> Bull. EC 1-1988, point 2.2.1.

<sup>3</sup> Bull. EC 5-1988, point 2.2.3.

<sup>4</sup> Bull. EC 3-1988, point 2.2.3.

<sup>5</sup> OJ L 201, 30.7.1984; Bull. EC 7/8, point 2.2.7; OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.2.2.

<sup>6</sup> OJ L 209, 2.8.1988.

<sup>7</sup> OJ L 209, 2.8.1988; Bull. EC 7/8-1984, point 2.2.7; OJ L 167, 26.6.1987; Bull. EC 6-1987, point 2.2.2.

## Easing of restrictive measures

2.2.10. Under the Council Regulation of 14 November 1983 on import arrangements for products originating in State-trading countries, not liberalized at Community level,<sup>1</sup> the Commission adopted the following measures:

### (a) Opening of quotas

*Federal Republic of Germany — People's Republic of China:* ferro-silicon with a silicon content of more than 55% but not more than 80% (CN code 7202 21 10);<sup>2</sup>

*Italy — Poland:* woven fabrics of jute or of other textile bast fibres of heading No 5303 (CN code 5310 — categories 149 and ex 150); artificial staple fibres, not carded, combed or otherwise processed for spinning (CN code 5504 — category ex 126); plates, sheets and strips of aluminium, not alloyed, of a thickness exceeding 0.2 mm (CN code 7606 11);<sup>2</sup>

*Italy — Romania:* artificial staple fibres, not carded, combed or otherwise processed for spinning, of viscose (CN code 5504 10 00 — category ex 126);<sup>2</sup>

*Italy — Hungary:* aluminous cement ('ciment fondu') (CN code 2523 30 00);<sup>2</sup>

*Italy — German Democratic Republic:* footwear covering the ankle (CN code 6402 91 and 6403 91);<sup>2</sup>

*Italy — People's Republic of China:* women's negligés of silk (CN code ex 6208 99 00 — category ex 81); women's pyjamas and nightdresses of silk (CN code ex 6208 29 00 — category ex 30 A); men's dressing gowns of silk (CN code ex 6207 99 00 — category ex 78); men's pyjamas of silk (CN code ex 6207 29 00 — category ex 18); women's vests, slips and petticoats of silk (CN code ex 6208 19 90 — category ex 30 B); women's briefs of silk (CN code ex 6208 99 00 — category ex 30 B); yarn spun from silk waste, not put up for retail sale (CN code ex 5005 00 — category ex 130 B);<sup>2</sup>

*Italy — Vietnam:* silk yarn (other than yarn spun from silk waste) not put up for retail sale (CN code ex 5004 00 — category ex 130 A); raw silk (not thrown) (CN code ex 5002 00 — category ex 154);<sup>2</sup>

*France — Poland:* spirituous beverages (CN code ex 2208);<sup>3</sup>

*Spain — Poland/Romania/Czechoslovakia/German Democratic Republic/Soviet Union:* motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading No 8702), including station-wagons and racing cars (CN code 8703);<sup>4</sup>

*Spain — Czechoslovakia/German Democratic Republic:* motor cycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars (CN code 8711);<sup>4</sup>

*Spain — Soviet Union:* electric motors and generators (excluding generating sets) (CN code 8501) and parts suitable for use solely or principally with the machines of heading No 8501 or 8502 (CN code ex 8503 00); electrical insulators of any material (CN code 8546);<sup>4</sup>

*Spain — German Democratic Republic:* motor vehicles for the transport of goods (CN code 8704); diodes, other than photo-sensitive or light-emitting diodes (CN code 8541 10) and transistors, other than photo-sensitive transistors, with a dissipation rate of less than 1 W (CN code 8541 21); insulated (including enamelled or anodized) wire, cable (including coaxial cable) and other insulated electrical conductors, whether or not fitted with connectors; optical fibre cables, made up of individually sheathed fibres, whether or not assembled with electric conductors or fitted with connectors (CN code 8544);<sup>4</sup>

<sup>1</sup> OJ L 346, 8.12.1983.

<sup>2</sup> OJ C 183, 13.7.1988.

<sup>3</sup> OJ C 190, 19.7.1988.

<sup>4</sup> OJ C 198, 28.7.1988.

*Spain — Soviet Union/People's Republic of China:* black and white or other monochrome television receivers (CN code 8528 20);<sup>1</sup>

*Spain — People's Republic of China:* primary cells and primary batteries (CN code 8506); reception apparatus for radio-telephony, radio-telegraphy or radio-broadcasting, whether or not combined, in the same housing, with sound-recording or reproducing apparatus or a clock (CN code 8527);<sup>1</sup>

*Benelux — Soviet Union:* textile products (category 4);<sup>2</sup>

*Italy — Albania:* prepared explosives, other than propellant powders (CN code 3602 00 00);<sup>3</sup>

*Italy — Hungary:* Drawn glass and blown glass (CN codes 7004 90 91 to 7004 90 99);<sup>3</sup>

*Italy — Poland:* trinitrotoluenes and dinitronaphthalenes (CN code 2904 20 20);<sup>3</sup>

*Italy — Soviet Union:* cast glass and rolled glass and drawn glass and blown glass (CN codes 7003 and 7004); particle board and similar board of wood, unworked or not further worked than sanded (CN code 4410 10 10); pyrolysis gasoline (CN code ex 2707 50 99);<sup>3</sup>

*Italy — German Democratic Republic:* prepared explosives, other than propellant powders (CN code 3602 00 00);<sup>3</sup>

*Italy — People's Republic of China:* men's underpants and briefs of silk (CN code ex 6207 19 00 — category ex 18); men's pyjamas of silk (CN code ex 6207 29 00 — category ex 18);<sup>3</sup>

*Federal Republic of Germany — Hungary:* glazed ceramic flags and paving, hearth or wall tiles (CN codes 6908 90 51, 6908 90 91 and 6908 90 83);<sup>3</sup>

*Italy — Poland/Czechoslovakia:* ball or roller bearings (CN code 8482).<sup>4</sup>

## (b) Modification of quotas

*United Kingdom — German Democratic Republic:* textile products (categories 37 and 50);<sup>5, 6</sup>

*United Kingdom — People's Republic of China:* leather gloves, including gloves of leather and furskin or of leather and artificial fur and including gloves of fabric and leather (CN codes 4203 21 00, 4203 29 10, 4203 29 91, 4203 29 99, ex 6111 90 00, 6116 99 00, ex 6209 90 00 and 6216 00 00);<sup>7</sup>

*United Kingdom — Soviet Union:* tableware and other articles of a kind commonly used for domestic or toilet purposes, of porcelain or china (including biscuit porcelain and parian) or other kinds of pottery; statuettes and other ornaments, and articles of personal adornment; articles of furniture (CCT headings No 69.11, 69.12 and 69.13).<sup>8</sup>

## (c) Safeguard measures

*Italy — State-trading countries:* the release for free circulation in Italy of some 80 products originating in State-trading countries listed in Annex I to Council Regulation (EEC) No 3420/83 of 14 November 1983<sup>9</sup> is authorized without quantitative restriction (open licensing system).<sup>10</sup>

## Trade protection

2.2.11. Trade protection measures taken in July are shown in Table 9.

<sup>1</sup> OJ C 198, 28.7.1988.

<sup>2</sup> OJ C 200, 30.7.1988.

<sup>3</sup> OJ C 213, 13.8.1988.

<sup>4</sup> OJ C 219, 23.8.1988.

<sup>5</sup> OJ C 179, 8.7.1988.

<sup>6</sup> OJ C 231, 7.9.1988.

<sup>7</sup> OJ C 205, 6.8.1988.

<sup>8</sup> OJ C 217, 19.8.1988.

<sup>9</sup> OJ L 346, 8.12.1983.

<sup>10</sup> OJ C 204, 3.8.1988.

Table 9 — *Trade protection measures*

Council	Commission
<p><b>Anti-dumping proceedings</b></p> <p><i>Definitive anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>oxalic acid originating in Taiwan or South Korea OJ L 184, 15.7.1988 (provisional duty: OJ L 72, 18.3.1988)</li> </ul> <p><i>Amendment of Regulation imposing a definitive anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>certain electronic typewriters assembled in the Community by Canon Bretagne SA OJ L 183, 14.7.1988 (definitive duty: OJ L 163, 22.6.1985; OJ L 101, 20.4.1988)</li> <li>certain electronic typewriters assembled in the Community by Sharp Manufacturing (UK) Ltd OJ L 203, 28.7.1988 (definitive duty: OJ L 163, 22.6.1985; OJ L 101, 20.4.1988)</li> </ul> <p><i>Cancellation of an anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>certain electronic scales assembled in the Community by TEC (UK) Ltd OJ L 244, 2.9.1988 (definitive anti-dumping duty: OJ L 101, 20.4.1988).</li> </ul>	<p><b>Reintroduction of customs duties on imports of products covered by tariff preferences:</b></p> <ul style="list-style-type: none"> <li>umbrellas falling within CN code 6601 originating in Singapore OJ L 176, 7.7.1988</li> <li>shawls, scarves, mufflers and the like, other than knitted or crocheted, of category 84 (order No 40.08 40), originating in China OJ L 182, 13.7.1988</li> <li>handkerchiefs, other than knitted or crocheted, of category 19 (order No 40.10 90), originating in Thailand OJ L 182, 13.7.1988</li> </ul> <p><b>Anti-dumping proceedings</b></p> <p><i>Rejection of a request for the refund of anti-dumping duties on:</i></p> <ul style="list-style-type: none"> <li>import into Italy of a consignment of styrene monomer originating in the United States OJ L 221, 12.8.1988 (definitive anti-dumping duty: OJ L 154, 13.6.1981)</li> </ul> <p><i>Definitive anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>certain iron or steel coils originating in Algeria, Morocco or Yugoslavia OJ L 188, 19.7.1988 (provisional duty: OJ L 18, 22.1.1988; OJ L 98, 15.4.1988)</li> <li>certain sheets and plates of iron or steel originating in Yugoslavia OJ L 188, 19.7.1988 (provisional duty: OJ L 23, 28.1.1988; OJ L 98, 15.4.1988)</li> </ul> <p><i>Provisional anti-dumping duty on imports of:</i></p> <ul style="list-style-type: none"> <li>serial impact fully formed character printers originating in Japan OJ L 177, 8.7.1988 (initiation of proceeding: OJ C 121, 7.5.1987)</li> <li>certain video cassette recorders originating in the Republic of Korea and Japan OJ L 240, 31.8.1988 (initiation of proceeding: OJ L 256, 26.9.1987)</li> <li>certain iron or steel sections originating in Yugoslavia or Turkey OJ L 190, 21.7.1988 (initiation of proceeding: OJ C 216, 14.8.1987)</li> <li>copper sulphate originating in Bulgaria or the Soviet Union OJ L 205, 30.7.1987 (initiation of proceeding: OJ C 90, 31.3.1984; OJ C 200, 9.8.1986)</li> </ul>

Council	Commission
	<ul style="list-style-type: none"> <li>• urea originating in Austria, Hungary, Malaysia, Romania, the USA and Venezuela (initiation of proceeding: OJ C 254, 11.10.1986)</li> </ul> <p><i>Initiation of an anti-dumping proceeding concerning imports of:</i></p> <ul style="list-style-type: none"> <li>• certain sheets of iron or non-alloy steel, cold rolled, originating in Yugoslavia OJ C 184, 14.7.1988</li> </ul> <p><i>Initiation of a review of anti-dumping measures concerning imports of:</i></p> <ul style="list-style-type: none"> <li>• copper sulphate originating in Bulgaria and the Soviet Union OJ C 200, 30.7.1988 (termination of investigation: OJ L 235, 20.8.1987)</li> </ul> <p><i>Acceptance of undertakings given in connection with the anti-dumping investigation concerning imports of:</i></p> <ul style="list-style-type: none"> <li>• certain electronic typewriters assembled in the Community by Canon Bretagne SA OJ L 183, 14.7.1988 (initiation of proceeding: OJ C 235, 1.9.1987)</li> <li>• certain electronic scales assembled or produced in the Community OJ L 189, 20.7.1988 (initiation of proceeding: OJ L 235, 1.9.1987)</li> </ul> <p><i>Expiry of anti-dumping measures</i> OJ C 172, 1.7.1988</p>

### Export credits

2.2.12. On 29 July the Commission sent to the Council a proposal for a Council Directive establishing the terms and conditions of officially supported export credits for agricultural products,<sup>1</sup> together with a proposal for a Regulation establishing a financing facility for imports of food products by developing countries from the European Community (→ point 2.1.203).

into the Italian<sup>2</sup> and French<sup>3</sup> markets, on 17 August the Commission decided<sup>4</sup> to initiate a Community investigation into the trend of imports into the Community of footwear originating in South Korea and Taiwan, the terms on which the goods are imported and the effects on Community production, with a view to establishing whether these imports are such as to cause or to threaten to cause material injury to the Community industry.

### Import and export arrangements

2.2.13. On the basis of information received from certain Member States and that gathered in the course of investigations

<sup>1</sup> COM(88) 431 final.

<sup>2</sup> OJ L 54, 1.3.1988; Bull. EC 2-1988, point 2.2.10.

<sup>3</sup> OJ L 166, 1.7.1988; Bull. EC 6-1988, point 2.2.9.

<sup>4</sup> OJ C 215, 17.8.1988.

## Individual sectors

### *Iron and steel products*

#### **Agreements and arrangements with non-Community countries**

2.2.14. On 6 July the Commission sent the Council a proposal for a Decision of the Representatives of the Governments of the Member States, meeting within the Council, and of the Commission, laying down arrangements for trade between Spain and Portugal on the one hand and Morocco and Syria on the other in products falling under the ECSC Treaty (→ point 2.2.31).

2.2.15. A Commission delegation visited Venezuela and Brazil between 13 and 23 July for routine talks on the administration of the steel arrangements concluded with those countries. The only problem needing to be solved in Venezuela concerned the lack of statistics on exports of steel to the Community, and these were supplied in full.

The only problems in Brazil concerned very minor infringements of price rules, and the Commission representatives exceptionally announced that a measure of leeway would be allowed on the quantities laid down for Brazilian exports, to take account of the current mini-boom which has made certain semi-finished products almost impossible to find on European and world markets.

2.2.16. From 29 to 31 August a Commission delegation visited Romania for consultations with the authorities in connection with the steel arrangement concluded in February.<sup>1</sup> During the visit the Commission delegation established the following points: the Romanian authorities have decided to increase their country's steel production capacity by between 2 and 3 million tonnes; the low rate of utilization of the export opportunities provided for in the arrangement (approximately 40 %) is partly due to the fact that the Romanian authorities have been giving priority to internal demand at the expense of exports and there is a considerable surplus in the products in

question (heavy plate and sections) in the European Community; there are no major problems as regards the administration of the arrangement.

### *Textiles*

#### **Agreements and arrangements with non-Community countries**

##### *MFA countries*

2.2.17. A Commission delegation visited Moscow on 11 and 12 July at the invitation of the Soviet authorities for further exploratory talks on textile trade issues.

The Commission delegation explained certain aspects of the Community's commercial policy, while the Soviet authorities outlined their views concerning the arrangements for trade with the Community in textiles. These talks may be continued in the autumn.

##### *Mediterranean preferential countries*

2.2.18. Consultations were held in Brussels on 18 July between delegations representing Morocco and the Community under the arrangement for administrative cooperation on trade in textiles.<sup>2</sup>

Statistics on imports and exports of certain products covered by the arrangement were compared. It was agreed to hold further consultations in October to discuss certain difficulties encountered in the administration of the arrangement and to seek appropriate solutions.

## **Relations with industrialized countries**

### **United States**

2.2.19. Mr Clayton Yeutter, the United States Trade Representative, visited the

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<sup>1</sup> Bull. EC 2-1988, point 2.2.12.

<sup>2</sup> Bull. EC 12-1986, point 2.2.6.



Commission on 13 July. He had talks with Mr De Clercq and also met Mr Andriessen. The talks centred on a number of bilateral problems in EC-US relations as well as multilateral issues of interest to both sides.

Among the subjects discussed were the recent US request for a GATT panel on Community soya bean subsidies<sup>1</sup> and the subsequent Community request for consultations on the US GATT waiver; the question of the Community ban on anabolic hormones in animal feedstuffs; and the failure of the US to eliminate the discriminatory taxation on imported oil products — the so-called Superfund — in accordance with a GATT panel decision in June 1977. In response to concern expressed by Mr Yeutter about the external implications of the single market, Mr De Clercq said that the Commission was ready to give information and explain the regulations adopted by the Community, but that the Commission would not be prepared to enter into any kind of formalized and systematic consultation procedure.

### *Trade Bill*

2.2.20. The Omnibus Trade and Competitiveness Act of 1988 (better known as the Trade Bill) was signed by President Reagan on 23 August following almost three years of discussions in Congress on proposals and counterproposals, often highly protectionist, which culminated in a presidential veto in May.<sup>2</sup> Most of the protectionist proposals were inspired by the considerable US trade deficit and the consequent desire of US industry to obtain protection against imports. The main aim of the Administration throughout the legislative process, however, has been to open foreign markets to US goods and services and to provide effective sanctions against unfair trading nations, and the final text of the Act reflects this approach (the provisions of interest to the Community are dealt with at point 3.6.1 *et seq.*).

The new Act expands the framework for unilateral US interpretation of and action on internationally established trading rules.

It gives the US Government the authority to decide unilaterally what constitutes unfair trade practices or adequate foreign market opportunities and how to deal with unfair practices and obtain better access to foreign markets.

In a statement on 24 August, Mr De Clercq said:

‘Only the future will show whether the implementation of this Bill by the US Administration will actually affect the credibility of the Uruguay Round negotiating process and the liberalization of international trade. This legislation nevertheless confirms a tendency towards unilateral interpretation of international trade rules.

The Community is prepared to defend its legitimate interests where these are threatened by unilateral measures taken by the US authorities on the basis of the Trade Bill — and in infringement of the GATT. Like any other trading partner, the Community has rights under the GATT and is resolutely determined to defend them should the need arise. I intend to take the opportunity at the next Council meeting in September to draw my colleagues’ attention to the need for an appropriate Community response to the situation which has been created. I would point out that at the Toronto Summit<sup>3</sup> the United States as well as the Community signed the final declaration stating that “countries must continue to resist protectionism and the temptation to adopt unilateral measures outside the framework of GATT rules”. The participants at the Summit also acknowledged that the Community has already assumed its responsibilities by setting itself the target for 1992 of a large unified market which will be open to the outside world and which, it is hoped, will boost economic growth and employment, in the Community and elsewhere.’

2.2.21. On 12 July the Community held a preliminary round of formal consultations with the United States in GATT on the GATT waiver granted to the United States in 1955 which enables it to continue applying import restrictions on sugar, cotton, groundnuts and dairy products. The Community pointed out that the US measures went beyond the waiver and were in breach of GATT obligations. A second round of

<sup>1</sup> Bull. EC 1-1988, point 2.2.9.

<sup>2</sup> Bull. EC 5-1988, point 2.2.15.

<sup>3</sup> Bull. EC 6-1988, points 1.6.1 to 1.6.6 and 3.5.1 *et seq.*

consultations is due to take place in September, before the Community's official request for a panel is considered.

## Japan

### *High-level consultations*

2.2.22. The annual high-level consultations<sup>1</sup> between Commission and Japanese representatives took place in Tokyo on 6 and 7 July. They provided an opportunity to review bilateral relations in general and remind the Japanese authorities of certain Community concerns.

In the field of bilateral trade, the Commission noted that, despite a recent reduction in the Community's deficit, several factors suggested the possibility of a renewed deterioration later this year. It repeated its requests for market-opening and non-discrimination between trading partners (notably in the field of agriculture and major infrastructure projects).<sup>2</sup> Japan gave certain assurances in this regard, and for its part, strongly requested the elimination of residual quantitative restrictions maintained by certain Member States.

The two sides also discussed cooperation in the fields of telecommunications, science and technology, the environment, industry and culture, and the Japanese authorities expressed their interest in cooperating more actively with the Community on development aid. Both sides also raised financial questions and energy issues.

### *Telecommunications*

2.2.23. Representatives from the Commission visited Tokyo from 4 to 8 July for the first of a series of regular consultations with the Japanese authorities on telecommunications networks, in particular standardization procedures and ISDN (Integrated services digital network) issues. Regulatory developments in the Community and Japan, trade statistics and procurement were also discussed.

## Agriculture

2.2.24. Agricultural matters were discussed in formal bilateral meetings between the Commission and the Japanese Ministry of Agriculture in Tokyo on 4 and 5 July. The discussions covered multilateral questions (the Uruguay Round, implementation of the GATT, panel conclusions on Japan's import restrictions on 12 products and the US-Japan agreement on beef and citrus fruits) and a number of bilateral issues concerning implementation of Japan's commitments under GATT Art. XXIV(6), dairy products, pigmeat, beef and plant-health regulations. It was agreed to hold further discussions in Brussels at a future date.

## Australia

2.2.25. A Commission delegation visited Australia from 14 to 21 July for consultations under the 1981 Euratom/Australia Agreement.<sup>3</sup> Commission and Australian Government representatives reviewed the current operation of the agreement. Both sides expressed their common interest in an effective and practical framework for nuclear trade.

Discussion also covered exchanges of safeguards obligations on nuclear material.

## New Zealand

2.2.26. Mr Moore, New Zealand's Minister for Overseas Trade, visited the Commission on 20 July for talks with Mr Andriessen and Mr De Clercq.

They discussed the implementation of the changes to the organization of the market in sheepmeat approved by the European Council in February<sup>4</sup> and the future of the Community's arrangements for imports of New Zealand butter.<sup>5</sup>

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<sup>1</sup> Previous meeting: Bull. EC 7/8-1987, point 2.2.19.

<sup>2</sup> Bull. EC 3-1988, point 2.2.16.

<sup>3</sup> Bull. EC 9-1981, point 2.1.27.

<sup>4</sup> Bull. EC 2-1988, point 1.1.1 *et seq.*

<sup>5</sup> Bull. EC 3-1988, points 2.2.19 and 2.2.20.

## European Free Trade Association

2.2.27. On 11 July Mr Robert Graf, Austrian Minister for Economic Affairs and Chairman of the EFTA Council for the second half of 1988, discussed with Mr De Clercq further opportunities for progress in EC-EFTA cooperation. They agreed on a substantive work programme covering a wide range of areas which should lead to substantial new progress before Mr De Clercq's next meeting with EFTA Ministers on 29 November.

### Austria

2.2.28. Mr Andriessen paid an official visit to Austria from 30 June to 4 July for detailed talks on agriculture covering bilateral issues and international developments. Two agreements on wine were initialled, one providing for mutual protection of quality wines and the other establishing reciprocal 85 000 hectolitre duty-free quotas for quality wines in bottles. An agreement was also signed concluding negotiations under Article XXVIII of the GATT to modify the concessions on certain agricultural products.

### Finland

2.2.29. Mr Delors paid an official visit to Finland from 21 to 23 July. He was received by the President, Dr Mauno Koivisto, and had talks with the Prime Minister, Mr Holkeri, and the Ministers for Foreign Affairs and Trade, Mr Sorsa and Mr Salolainen. Mr Delors also met representatives of industry and the unions.

Both sides laid stress on the excellent state of bilateral trade and economic relations and the prospects for closer cooperation to 1992 and beyond.

Mr Delors emphasized the pragmatic nature of the cooperation. The meeting in Luxembourg in 1984<sup>1</sup> had marked the start of a new era in EC-EFTA relations. The Community had been working to give effect to the guidelines laid down, as the results of the meetings with EFTA in Vienna (1985),<sup>2</sup>

Interlaken (1987),<sup>3</sup> Brussels (February 1988)<sup>4</sup> and Tampere (June 1988)<sup>5</sup> showed, while on a unilateral basis the Community had been pressing ahead with the single market programme and the EFTA countries were adjusting their legislation to make it compatible with Community rules.

But the 1992 deadline meant that there was still some way to go in making the Luxembourg guidelines a reality.

The two sides would need to think about a possible extension to the framework of EC-EFTA relations beyond 1992. However, such an idea would depend on the degree of integration the Community itself had achieved by then.

### Sweden

2.2.30. The annual high-level consultations between the Commission and Sweden<sup>6</sup> took place in Brussels on 1 July. They provided an opportunity for a substantive discussion on Sweden's changing attitude to developments in the Community, particularly with regard to the single market. The Swedish Government had set up special administrative units to cope with developments in the Community and prepare the country for 1992.

## Relations with other countries and regions

### Mediterranean countries

#### Mediterranean policy of the enlarged Community

2.2.31. On 11 July the Commission sent the Council a proposal for a Regulation

<sup>1</sup> Bull. EC 4-1984, point 1.2.1 *et seq.*

<sup>2</sup> Bull. EC 5-1985, point 2.2.25.

<sup>3</sup> Bull. EC 5-1987, point 2.2.14.

<sup>4</sup> Bull. EC 2-1988, point 2.2.18.

<sup>5</sup> Bull. EC 6-1988, point 2.2.24.

<sup>6</sup> Bull. EC 7/8-1987, point 2.2.28.

establishing the arrangements to be applied by Spain and Portugal to trade with Morocco and Syria and a draft Decision of the Representatives of the Governments of the Member States meeting within the Council and the Commission laying down the arrangements to be applied by Spain and Portugal to trade with these two countries in products falling under the ECSC Treaty.<sup>1</sup> The purpose of these two acts is to lay down the arrangements applicable by Spain and Portugal in trade with Morocco and Syria pending the completion of the procedures for ratification of the Protocols laying down the necessary adjustments and transitional measures to be applied with regard to the Agreements (EEC and ECSC) concluded with the two non-member countries.<sup>2</sup>

## Tunisia

2.2.32. Mr Delors paid an official visit to Tunisia from 8 to 10 July. He had talks with the President, Mr Ben Ali, the Prime Minister, Mr Baccouche, and the Foreign Minister, Mr Mahmoud Mestiri. He also had meetings with politicians and trade and industry representatives. Discussions focused on the development of the Maghreb and bilateral cooperation, about which the Tunisian authorities expressed satisfaction. However, with the need to adjust the country's export capacity, they wanted more transfers of capital and know-how, a fine-tuning of the cooperation instruments, the development of industrial partnerships and a removal of practical obstacles to investment. Mr Delors confirmed the Community's support for these policy objectives. In the short term the Tunisian authorities asked the Community to send relief following recent natural disasters.

Four financing agreements for a total of more than ECU 30 million were signed under the third Financial Protocol.<sup>3</sup> The two parties also signed an agreement on the use of the ecu in the accounts of the paying agent at the Tunisian central bank, something which will strengthen ties between the Community and Tunisia still further.

## Countries of the Gulf and the Arabian peninsula

### Gulf Cooperation Community

2.2.33. As agreed at the signing of the Cooperation Agreement between the Community and its Member States and the Arab countries of the Gulf Cooperation Community on 15 June,<sup>4</sup> a preliminary round of exploratory talks took place in Brussels on 14 and 15 July with a view to studying ways of concluding an agreement to expand and liberalize trade between the two sides.

### Yemen Arab Republic

2.2.34. In a follow-up to the second meeting of the Community-Yemen Arab Republic Joint Cooperation Committee in March,<sup>5</sup> a Community delegation went to Sana'a on a planning mission. Talks with the Yemeni authorities responsible for various areas of existing cooperation threw up new possibilities in the training, tourism and information sectors among others. The Commission delegation brought back favourable reports on the implementation of current projects and was able to study some other projects for which financing applications may be made in coming years.

## Asia

### Association of South East Asian Nations (Asean)

2.2.35. The annual meeting between Asean Foreign Ministers and their counterparts from Asean's main partners (the United States, Japan, the Community, Australia, Canada and New Zealand) took place in Bangkok from 7 to 9 July. The Community was represented by the President-in-Office of the Council, Mr Panglos,

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<sup>1</sup> COM(88) 374 final.

<sup>2</sup> Bull. EC 5-1988, points 2.2.25 and 2.2.26.

<sup>3</sup> OJ L 22, 27.1.1988; Bull. EC 12-1987, point 2.2.31.

<sup>4</sup> Bull. EC 6-1988, point 2.2.39.

<sup>5</sup> Bull. EC 3-1988, point 2.2.31.

and Mr Genscher and Mr Fernandez-Ordonez (the 'troika') and by Mr Cheysson for the Commission. Discussions focused on the situation of refugees in the region, especially those from Vietnam, and, in the sphere of bilateral cooperation, financial engineering<sup>1</sup> which should give a fillip to cooperation and strengthen the Community's presence in South-East Asia.

## Thailand

2.2.36. On behalf of the Commission, Mr Cheysson signed a financing agreement with Professor Alastair North, President of the Asian Institute of Technology in Bangkok, on 9 July. Under the agreement the Community will contribute ECU 315 320 to finance technical assistance for the AIT's new School of Management over a period of two years (secondment of experts, provision of equipment and organization of seminars).

## Pakistan

2.2.37. The EEC-Pakistan Joint Commission<sup>2</sup> met for its 11th session in Brussels on 4 and 5 July.<sup>3</sup> Against a background of closer economic relations the two parties examined trade developments and noted the rapid increase in Pakistan's exports (especially textiles) to the Community market which had brought about a better balance of trade. Further improvements to the Generalized System of Preferences and trade promotion activities would help diversify Pakistan's exports, the bulk of which were still in the form of textiles and leather goods. There was also discussion of ways to speed up aid for development projects and food aid.

The Pakistani delegation thanked the Community for its aid for Afghan refugees and said that in view of the present circumstances this aid should be continued and stepped up.

## Burma

2.2.38. Mr Cheysson paid an official visit to Burma from 2 to 6 July at the invitation

of the Deputy Prime Minister, Thura U Tun Tin. This was the first visit to Burma by a Member of the Commission. Mr Cheysson met the Burmese Head of State, U San Yu, and had talks with the Deputy Prime Minister and the Foreign Affairs, Agriculture and Foreign Trade Ministers. During his visit he signed the financing agreement for the project to combat foot-and-mouth disease.

The state of bilateral relations was reviewed and a new impetus was given to various forms of cooperation, notably financial and technical assistance projects. The two parties also agreed to step up exchanges of information about the working of certain Community aid instruments—the GSP, stabilization of export earnings and trade promotion—for the developing and least developed countries.

## Latin America

### Central America

2.2.39. Mr Marín and Mr Natali had a meeting on 12 July with the Vice-President of Nicaragua, Mr Ramirez Mercado and the Nicaraguan Minister for Foreign Cooperation, Mr Blandon. There was an exchange of views about the situation in Nicaragua, food shortages following the recent drought and political and economic developments in Central America generally.

2.2.40. On 5 July Parliament adopted a resolution on Community aid for Central America (→ point 2.4.24).<sup>4</sup>

### Argentina

2.2.41. Mr De Clercq visited Argentina on 2 and 3 August where he met the President, Mr Alfonsín, the Minister for External Relations, Mr Caputo, and the Minister for Economic Affairs, Mr Sourrouille. The

<sup>1</sup> Bull. EC 12-1986, point 1.3.1 *et seq.*

<sup>2</sup> OJ L 108, 25.4.1986; Bull. EC 4-1986, point 2.2.28.

<sup>3</sup> Previous meeting: Bull. EC 11-1986, point 2.2.20.

<sup>4</sup> OJ C 235, 12.9.1988.

common interest in defending democracy, the regional integration of the southern cone and the implications for Argentina of the completion of the single market in 1992 were the main subjects under discussion.

## **State-trading countries**

### **Normalization of relations between the East European countries, Comecon and the Community**

2.2.42. On 25 July the Council adopted conclusions taking stock of developments with Comecon and its member countries and examining the outlook for relations. It reaffirmed the Community's desire to develop relations pragmatically and flexibly, taking account of the special features of each individual case, and on the basis of reciprocity and mutual advantage.

### **China**

2.2.43. Mr Ruan, Deputy Chairman of the State Science and Technology Commission (SSTC) had meetings with Mr De Clercq and Mr Mosar on 11 and 12 July. Mr Ruan said that his institution hoped to expand scientific and technical cooperation with the Community and was particularly interested in the management and application of the results of the Esprit and Eureka programmes.

## **Development**

### **North-South relations**

#### *Cooperation in international forums*

#### **United Nations Food and Agriculture Organization (FAO)**

2.2.44. The Community took part in the 16th European Regional Conference of the

United Nations Food and Agricultural Organization (FAO), held in Cracow from 23 to 26 August. This Conference, which is held every two years in conjunction with the United Nations Economic Commission for Europe, was attended by 28 member countries and numerous observers. The main topics were agricultural cooperation between European and developing countries and environmental protection. As regards the first point, the Conference welcomed in particular the current favourable trend in international relations.

### **Commodities and world agreements**

#### **Coffee**

2.2.45. The technical preparatory group met in London from 25 to 29 July in order to discuss the contrasting positions taken prior to the forthcoming negotiations for the International Coffee Agreement.<sup>1</sup> The Community and the Member States put forward a new working paper setting out considerations regarding the main points of any new agreement.

There were intensive discussions on two problems: the price differential which exists under the present system between the consumer countries which are members of the Agreement and those which are not, and the difficulty of supplying the market with the required quality of coffee. The Community suggested a number of ways of solving these two problems, notably a universal quota system which would cover exports to member countries and non-member countries, coupled with suitable quota allocation. Whilst recognizing that a dual market system was by its very nature precarious, a number of producer countries voiced their opposition to a universal quota system, which would be difficult to monitor. The producer countries also recognized the problem of selectivity, i.e. the need for a

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<sup>1</sup> Bull. EC 4-1988, point 2.2.31.

system which takes account of the demand for different coffee qualities, particularly in view of the present large price differentials between the various qualities.

Another fundamental matter discussed by the group was how the producer countries could avoid future imbalances between overall supply and demand in coffee such as those which exist today.

The Community and the ACP coffee-producing States attending the negotiations also had an informal meeting, held at the request of the African coffee-producing countries.

## **Campaign against hunger in the world**

### *Campaign against desertification*

2.2.46. On 8 July Parliament adopted a resolution on the transfer of technologies to the Third World as part of the campaign against deforestation (→ point 2.4.24).<sup>1</sup>

### *Food aid*

#### **Food aid management**

2.2.47. On 4 August the Council, acting on a proposal from the Commission,<sup>2</sup> amended<sup>3</sup> in the light of Parliament's opinion,<sup>1</sup> adopted a Regulation on the implementation of storage programmes and early warning systems.<sup>4</sup>

2.2.48. On 26 July the Commission, with the approval of the Food Aid Committee, amended<sup>5</sup> its Decision of 16 March concerning the establishment of overall quantities of food aid for 1988 and establishing a list of products to be supplied as food aid.<sup>6</sup> The amendment follows the final adoption of the 1988 budget and the carry-over of appropriations from the previous year.<sup>7</sup>

2.2.49. On 8 and 26 July, with the approval of the Food Aid Committee, the Commission decided on the following food aid operations (Table 10).

2.2.50. Under the Regulation of 22 December 1986 on food aid policy and food aid management,<sup>8</sup> as extended on 30 June 1988,<sup>9</sup> the Commission on 11 July approved an emergency food aid allocation of 5 000 tonnes of cereals for China. The aid is aimed at assisting Fujian province,<sup>10</sup> in the south-east of the country, where hurricanes and floods since the summer have seriously damaged crops, roads and houses causing many casualties.

2.2.51. On 22 August, under the same Regulation,<sup>8</sup> the Commission also approved an allocation of emergency food aid for the Somalian and Sudanese refugees in Ethiopia. The aid will be channelled through the Office of the United Nations High Commissioner for Refugees (UNHCR) and will comprise 5 000 tonnes of cereals, 500 tonnes of milk powder and a further ECU 180 000 for the purchase of other products.

### *Locust control in Africa*

2.2.52. In Augustus the Commission decided to grant ECU 500 000 to Niger, Chad and Sudan to help combat migratory locusts.

<sup>1</sup> OJ C 235, 12.9.1988.

<sup>2</sup> OJ C 91, 8.4.1988; Bull. EC 3-1988, point 2.2.48.

<sup>3</sup> COM(88) 453 final.

<sup>4</sup> OJ L 220, 11.8.1988.

<sup>5</sup> OJ L 239, 30.8.1988.

<sup>6</sup> OJ L 85, 30.3.1988; Bull. EC 3-1988, point 2.2.49.

<sup>7</sup> OJ L 226, 16.8.1988; Bull. EC 5-1988, point 2.3.3.

<sup>8</sup> OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

<sup>9</sup> OJ L 168, 1.7.1988; Bull. EC 6-1988, point 2.2.59.

<sup>10</sup> Bull. EC 6-1988, point 2.2.63.

Table 10 — *Food aid operations*

<i>tonnes</i>						
Country or organization	Cereals	Milk powder	Butteroil	Sugar	Vegetable oil	Other
Bangladesh	150 000				2 000	
Tunisia	30 000	3 000				
Sao Tome	2 000				50	100 B
Lesotho	7 000					
Madagascar	20 000					
Lebanon	10 000	800	200			3 000 B
Sri Lanka	40 000					
Peru	12 000	1 600			600	
Bolivia	13 000	1 000	200		500	1 000 B
Sierra Leone		400				
Guyana	1 000	350	150			
Kenya	15 000					
Tanzania	15 000					
Somalia	13 000	300			400	
NGO/WFP	60 000	12 500	2 000	700		682 DF
<b>Total</b>	<b>388 000</b>	<b>19 950</b>	<b>2 550</b>	<b>700</b>	<b>3 550</b>	<b>4 100 B 682 DF</b>

B = Beans.

DF = Dried fish.

NGO = Non-governmental organizations.

WFP = World Food Programme

### *Emergency aid*

#### **Ethiopia**

2.2.53. In July the Commission approved an allocation of ECU 7 million in emergency aid for Ethiopia. The decision follows Mr Natali's visit to Ethiopia in June,<sup>1</sup> and forms part of a ECU 42 million programme, adopted on 10 March 1988;<sup>2</sup> the aid will finance essential goods and services for the local population.

#### **Nepal**

2.2.54. On 25 August the Commission approved emergency aid to the value of ECU 300 000 in response to the appeal from the Nepalese Government in the wake of the destruction caused by the earthquake which struck the country on 21 August. The

aid will be used by the United Nations Disaster Relief Organization (Undro) to pay for internal transport of aid shipments.

#### **India**

2.2.55. On 31 August the Commission approved the allocation of ECU 500 000 as emergency aid for India, following the devastating earthquake in the north of the country on 21 August. The aid will be channelled through Licross and is to be used to provide essential goods and services.

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2.2.56. On 7 July Parliament adopted a resolution concerning the landslide in north-east Turkey (→ point 2.4.24).<sup>3</sup>

<sup>1</sup> Bull. EC 6-1988, point 2.2.77.

<sup>2</sup> Bull. EC 3-1988, point 2.2.55.

<sup>3</sup> OJ C 235, 12.9.1988.



## Aid to promote self-sufficiency of refugee groups

2.2.57. On 19 July the Commission adopted the following financing decisions, to be charged against the appropriations under Article 936 of the Community budget:

- (i) Guatemala — development of resettlement areas in the Huehuetenango district — ECU 2 550 000;
- (ii) Guatemala — assistance with livestock production and training of people to promote livestock farming (implemented by the French NGO 'Vétérinaires sans frontières-France') — ECU 180 000;
- (iii) El Salvador — resettlement of repatriated Salvadorian refugees (project co-financed with and implemented by the British NGO 'Christian Aid') — ECU 1 million;
- (iv) Honduras — technical training for Salvadorian refugees (project co-financed by the Catholic Committee on Hunger and Development) — ECU 230 000;
- (v) Nicaragua — health programme for Miskito refugees on the Atlantic coast, a

project supported by 'Médecins sans frontières-Belgique' — ECU 200 000.

## Positive measures for victims of apartheid

2.2.58. In July the Commission approved a new ECU 5.4 million contribution to finance 30 projects providing assistance to victims of apartheid. The decision is one of a series taken since July 1986, totalling ECU 35.6 million for 147 projects,<sup>1</sup> which represent a follow-up to the ministerial-level political cooperation meeting held in Luxembourg on 10 September 1985.<sup>2</sup>

## Stabex

### Transfers

2.2.59. On 26 July the Commission decided on the following 42 Stabex transfers for the 1987 application year:

- <sup>1</sup> Bull. EC 7/8-1986, point 2.2.43; Bull. EC 11-1986, point 2.2.40; Bull. EC 1-1987, point 2.2.32; Bull. EC 4-1987, point 2.2.36; Bull. EC 6-1987, point 2.2.49; Bull. EC 7/8-1987, point 2.2.52; Bull. EC 10-1987, point 2.2.56; Bull. EC 12-1987, point 2.2.55; Bull. EC 4-1988, point 2.2.41.
- <sup>2</sup> Bull. EC 9-1985, point 2.5.1.

Country	Product	Amount	Of which already advanced
Benin	Palm kernel oil	1 971 214	
Burkina Faso	Shea nut kernels	2 479 053	
Burundi	Coffee	24 520 506	
Cameroon	Cocoa	8 062 126	
	Coffee	34 291 914	
Central African Republic	Coffee	14 702 281	
	Cotton	2 582 062	1 200 000
Chad	Cotton	20 596 193	5 000 000
Comoros	Vanilla	1 622 924	
	Cloves	404 494	
Côte d'Ivoire	Cocoa	15 396 938	
	Coffee	55 117 760	20 000 000
	Timber	40 846 077	
Equatorial Guinea	Cocoa	3 322 873	1 200 000
	Coffee	103 750	
Ethiopia	Coffee	57 173 106	17 700 000

## Development

Country	Product	Amount	Of which already advanced
Gambia	Groundnuts	390 082	
	Groundnut oil	1 153 949	
Grenada	Cocoa	595 432	
Kenya	Coffee	17 496 170	
Kiribati	Copra	819 475	
Lesotho	Mohair	3 140 313	
Madagascar	Cloves	2 397 380	
Malawi	Tea	9 565 371	
Mali	Cotton	1 382 855	
Mozambique	Tea	1 295 776	
Papua New Guinea	Copra products	5 697 060	
Rwanda	Coffee	15 824 308	
	Leather, skins and hides	391 578	
	Tea	5 744 862	
Solomon Islands	Copra	5 435 875	
	Palm products	3 283 484	
Senegal	Groundnut products	1 076 473	
Sudan	Groundnuts	3 862 463	
Togo	Cocoa	3 556 662	
Tonga	Coconuts	79 601	
	Copra oil	837 275	
Tuvalu	Copra	13 437	
Vanuatu	Copra	5 002 650	
Western Samoa	Cocoa	393 412	225 000
	Copra oil	2 712 329	975 000
	Timber in the rough	73 771	
	Total	375 415 314	46 300 000

The financial resources available under the system to ensure payment of these transfers include, in addition to the ordinary Stabex resources (annual instalment, amounts drawn on the instalment for the following year, carry-over from earlier budget years, repayments from certain ACP States and interest accruing from the Stabex fund), ECU 120 million comprising amounts left over from the first and second Lomé Conventions and part of the programming reserves under Lomé III; the ACP-EEC Committee of Ambassadors decided on 7 July that this money could be added to the appropriation for the 1987 application year. The Committee met pursuant to the mandate given it by the 13th meeting of the Council of Ministers (Mauritius, 10 and 11 May)<sup>1</sup> to consider the shortfall in resources

compared to eligible transfer applications. These totalled over ECU 579 million after the offsetting of replenishment obligations (not all due immediately) against the transfer basis of six ACP States—Cameroon, Côte d'Ivoire, Kenya, Senegal, Madagascar and Papua New Guinea—and the application of reductions to take account of the shortfall. Mobilization of resources meant that 64.8 % and 54.6 % of eligible transfer applications could be covered, using as a basis the applications before the statutory reductions provided for in the Lomé Convention.

In the view of the Community—a view not shared by the ACP States—the measures

<sup>1</sup> Bull. EC 5-1988, point 2.2.51.

adopted by the Committee of Ambassadors represent a definitive solution of the difficulties relating to the 1987 application year. The Committee of Ambassadors took note of a Community declaration expressing this view.

## Agricultural cooperation

### *Financing imports of Community products*

2.2.60. On 29 July the Commission sent to the Council a proposal for a Council Directive establishing the terms and conditions of officially supported export credits for agricultural products, together with a proposal for a Regulation establishing a financing facility for imports of food products by developing countries from the European Community (→ point 2.1.203).<sup>1</sup>

## Financial and technical cooperation

### *Co-financing of development projects and programmes*

2.2.61. On 14 and 28 July the Community signed financing agreements<sup>2</sup> with six development banks in the Member States

as part of an industrial cooperation programme with Latin American, Asian and Mediterranean countries.

The banks concerned are:

- (i) Société belge d'investissement international (Belgium);
- (ii) The Industrial Fund for Developing Countries (Denmark);
- (iii) German Finance Company for Investment in Developing Countries (Federal Republic of Germany);
- (iv) Commonwealth Development Corporation (United Kingdom);
- (v) Netherlands Finance Company for Developing Countries (Netherlands);
- (vi) Proparco (France).

This brings the number of financing agreements signed to eight.<sup>2</sup>

## ACP States

2.2.62. In July the Commission allocated resources from the fifth and sixth EDFs totalling ECU 118 250 000 to finance projects, programmes and emergency aid operations administered by it in the following sectors (see Table 11).

<sup>1</sup> COM(88) 431 final.

<sup>2</sup> Bull. EC 6-1988, point 2.2.67.

Table 11 — *Financing of operations under the fifth and sixth EDFs*

Sector/country	Projects/programmes	Amount <i>million ECU</i>	
		Grants	Loans
<i>Economic infrastructure</i>			
Belize	Roads	2.400	3.000
<i>Rural production</i>			
Sierra Leone	Fisheries	6.000	
Vanuatu	Plantations	1.800	
Senegal	Import programme for petroleum products	11.500	

## Development

Sector/country	Projects/programmes	Amount	
		Grants	Loans
Nigeria	Development programme for the arid north-east zone	6.000	29.000
Togo	Rural development programme for Bassar	10.300	
<i>Industrialization</i>			
Niger	Mining industries		12.450
Mozambique	Institutional support to the fisheries sector	2.750	
<i>Social development</i>			
Cayman Islands	Education infrastructure		1.500
Uganda	Rural health programme	2.500	
<i>Various</i>			
All ACP States	Financing for experts and consultants in the ACP Secretariat-General	7.200	
Uganda	Sectoral import programmes	15.000	
Sao Tome and Principe	Sectoral import programmes	1.150	
<i>Thematic operations</i>			
Member States of the ICIPE (Kenya, Sudan and Zambia)	Research concerning the campaign against the tsetse fly and cattle ticks	2.000	
<i>Emergency aid</i>			
Somalia	Supplies of medical equipment and medicaments in response to the situation in the north-west of the country	0.050	
Ethiopia	Aid for Somalian refugees in Ethiopian camps	0.650	
Sudan	Aid programme for displaced persons in coordination with various local NGOs	3.000	
Total		72.300	45.950

2.2.63. In August the Commission allocated a total of ECU 3 750 000 from the sixth EDF to finance projects, programmes

and emergency aid operations which it administers (see Table 12).

Table 12 — *Financing for operations under the sixth EDF*

Country	Project/programmes	Amount	
		Grants	Loans
Sudan	Following the serious floods, aid in the form of supplies of essential goods for the population and contributions to the relief programmes of several humanitarian organizations	0.650	
		0.650	
		1.800	
Rwanda	Credit line of the purchase of essential goods for Burundian refugees	0.650	
	Total	3.750	

2.2.64. On 22 July the Commission adopted for transmission to the Council, a communication and a draft Regulation relating to the arbitration procedure for public contracts financed by the European Development Fund.<sup>1</sup> The Regulation is based on the Arbitration Rules drawn up by the United Nations Commission on International Trade Law, the authoritative text on international arbitration, which has been ratified by many countries, including all the Community Member States. The new draft provides for arbitration to settle any disputes arising between the authorities of an ACP State and a contractor, supplier of goods or services, applicant or tenderer in connection with the award or performance of a contract financed by the EDF.

### *Latin American and Asian developing countries*

#### **Financing decisions**

2.2.65. In July the Commission decided, with the prior approval of the Committee on Aid for Developing Countries in Latin America and Asia, to finance the following operations under Article 930 of the Community budget:

Thailand: Joint Secretariat Office (total cost ECU 2 460 000, Community contribution ECU 1.8 million; autonomous project);

Bangladesh: Study of road construction materials and standards (total cost ECU 2.2 million, Community contribution ECU 2.2 million; autonomous project (in cooperation with the International Development Association));

Bhutan: Development of agricultural support operations (total cost ECU 3.4 million, Community contribution ECU 3.4 million; autonomous project);

Pakistan: Baluchistan Agricultural College (total cost ECU 28 million, Community contribution ECU 18 million; autonomous project);

Junta del Acuerdo de Cartagena (Junac) — Andean Pact: Technical cooperation programme on the acceleration of the regional integration process (APIR) (total cost ECU 11.3 million, Community contribution ECU 7.3 million; autonomous project);

Andean Pact: Preparatory phase (phase II) for the Andes satellite telecommunications system (SATS) (total cost ECU 2.2 million, Community contribution ECU 2.2 million; autonomous project);

Ecuador: Reconstruction programme following the earthquake in March last year (total cost ECU 3.5 million, Community contribution ECU 3.5 million; autonomous project);

<sup>1</sup> COM(88) 423 final.

India: Development of inland fisheries (total cost ECU 25.2 million, Community contribution ECU 22.1 million).

## Guidelines for 1989

2.2.66. On 29 July the Commission sent the Council a proposal for a Decision setting out general guidelines for 1989 for financial and technical assistance to Latin American and Asian developing countries.<sup>1</sup>

The proposal is directly in line with the basic aims of financial and technical cooperation as laid down by the Council Regulation of 17 February 1981<sup>2</sup> on financial and technical aid to non-associated developing countries, and will put more emphasis than in previous years on the specific characteristics of Asia and Latin America, providing for types of development aid best suited to the problems and requirements of the countries themselves. The Commission also proposes that the contingency and disaster reserve be set at 10% of the total appropriations available to enable the Community to respond effectively to emergencies affecting these regions. Lastly, the heading in Chapter 93 of the general budget of the Communities containing the funds necessary for carrying out such operations has been split this year for the first time into two headings, one for Latin America and the other for Asia.

## Cooperation via non-governmental organizations

2.2.67. On 4 August the Council, acting on a proposal from the Commission,<sup>3</sup> as amended<sup>4</sup> in the light of Parliament's opinion,<sup>5</sup> adopted a Regulation on the implementation of co-financing operations for the purchase of food products or seeds by international bodies and non-governmental organizations.<sup>6</sup>

2.2.68. In the period from 1 January to 31 August, the Commission committed a total of ECU 53.4 million for the co-financing in developing countries of 353 projects presented by 152 NGOs.

The Commission also contributed a total of ECU 3 786 339 towards 53 projects aimed at increasing European public awareness of development issues.

2.2.69. On 8 July<sup>5</sup> Parliament adopted a resolution concerning the participation of the elderly in the process of development in the Third World (→ point 2.4.24).

## Visits

2.2.70. Mr Lorenzo Natali visited Mali at the beginning of July. He met the Head of State, President Moussa Traoré, who is also the present chairman of the Organization for African Unity (OAU). Their talks were mainly centred on the question of debt, with President Traoré calling for a conference to be held under the aegis of the OAU and for specific solutions to be sought which would correspond to the situation of each country. President Traoré also agreed with the Commission's proposal in the general guidelines for the renewal of the ACP-EEC Convention<sup>7</sup> that the Community should participate 'upstream', in the definition of structural adjustment programmes.

2.2.71. Mr Shridath Ramphal, Commonwealth Secretary-General, visited the Commission on 13 July and was received by Mr Natali, Mr Clinton Davis and Mr De Clercq. Among the topics of discussion were long-term climatic changes, toxic waste, the Uruguay Round,<sup>8</sup> South Africa, the negotiations for the new ACP-EEC Convention and the strengthening of cooperation between the Commission and the bodies representing the Commonwealth.

<sup>1</sup> OJ C 222, 26.8.1988.

<sup>2</sup> OJ L 48, 21.2.1981; Bull. EC 2-1981, point 2.2.16.

<sup>3</sup> OJ C 109, 26.4.1988; Bull. EC 4-1988, point 2.2.48.

<sup>4</sup> COM(88) 448 final.

<sup>5</sup> OJ C 235, 12.9.1988.

<sup>6</sup> OJ L 220, 11.8.1988.

<sup>7</sup> Bull. EC 3-1988, point 2.2.44; Bull. EC 6-1988, point 2.2.51.

<sup>8</sup> Bull. EC 9-1986, point 1.4.1. *et seq.*

## International organizations and conferences

### United Nations

#### Economic and Social Council

2.2.72. The regular session of the Economic and Social Council (Ecosoc) was held in Geneva from 6 to 29 July.<sup>1</sup> During a general discussion of international economic and social policy, the focus was on the multilateral response to the structural imbalances in the world economy. Their adverse effects on developing countries were emphasized, although there was a sense of progress in some assessments of these imbalances. The Greek Presidency, on behalf of the European Community, and Commission representatives made statements on the subject, as did the representatives of several Member States. The role of Ecosoc and its revitalization were also discussed. A consensus was finally reached with some difficulty and a resolution adopted. The inability of the Ecosoc Special Commission entrusted with an in-depth study of the UN intergovernmental structure fully to discharge its mandate to improve the way in which the UN deals with economic and social problems was also discussed.

Other resolutions adopted concerned women in development, humanitarian assistance (Lebanon, Afghanistan), Namibia and South Africa, aid to the Palestinians, AIDS, transnational corporations, food and agriculture, trade and development, IDS, the environment, the role of entrepreneurship in economic development and early identification of world economic developments.

2.2.73. The United Nations Group of Experts entrusted with drawing up the new International Convention on Illicit Traf-

ficking in Narcotic Drugs and Psychotropic Substances met in Vienna from 27 June to 8 July.<sup>2</sup> This meeting was the last before the conference of plenipotentiaries due to take place in Vienna from 23 November to 20 December to adopt the new Convention.

At this meeting the Commission, with a mandate from the Council, successfully negotiated the inclusion of a clause in the draft text authorizing the Community to take part in this International Convention. The details of the Community's participation in the Convention will be worked out and should be finalized within the time-limit set by the United Nations.

### Conference on Security and Cooperation in Europe

2.2.74. In the Vienna CSCE negotiations a number of attempts were made by various delegations to speed up the work (→ point 2.4.2).

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2.2.75. The Community took part in the 16th European Regional Conference of the United Nations Food and Agricultural Organization held in Cracow from 23 to 26 August (→ point 2.2.44).

## Diplomatic relations

2.2.76. The following ambassador, whose appointment took effect on 12 July, presented his letters of credence to the President of the Council and the President of the Commission:

HE Mr Alan Richard Gunn, Head of Mission of Saint Vincent and the Grenadines to the European Communities.

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<sup>1</sup> Bull. EC 6-1987, point 2.2.55.

<sup>2</sup> Bull. EC 2-1988, point 2.2.55.

### 3. Financing Community activities

#### Budgets

##### General budget

##### Draft supplementary and amending budget No 1/88

2.3.1. On 6 July<sup>1</sup> the President of Parliament declared that supplementary and amending budget No 1/88<sup>2</sup> had been finally adopted. In its resolution Parliament emphasizes in particular that the draft submitted to it takes account of the new own resources system arising from the Decision<sup>3</sup> adopted by the Council on 24 June and includes an adjustment of the appropriations entered by way of financial compensation for Spain and Portugal for the reduction in value of certain agricultural stocks, in line with its own opinion<sup>4</sup> in the context of the legislative procedure concerning the Regulation on which the compensation is based.<sup>5</sup>

##### Implementation of the 1988 budget

2.3.2. On 20 July the Commission sent the Council its report on the implementation of the Community budget at 30 June 1988<sup>6</sup> in accordance with the Financial Regulation of 21 December 1977.<sup>7</sup>

2.3.3. On 25 August the Commission also sent Parliament its monthly report on the implementation of the Community budget at 31 July 1988.<sup>8</sup>

##### Preliminary draft budget for 1989

2.3.4. On 7 July Parliament passed a resolution<sup>9</sup> on the preliminary draft general budget of the European Communities for 1989 (→ point 2.4.24).

##### Draft budget for 1989

2.3.5. On 26 July, before beginning its examination of the preliminary draft budget for 1989, the Council met a delegation from Parliament headed by its President, Lord Plumb.

The Council and the Parliamentary delegation welcomed the new instruments which now govern Community finances.<sup>10</sup> These instruments, which will be applied in full for the first time to the 1989 financial year, should ensure that in future the budget procedure is not beset by the difficulties encountered in the past. The meeting also enabled the participants to state their views on the main problems and priorities to be taken into account in establishing the draft budget for 1989.

2.3.6. On 26 July the Council approved the draft general budget of the Communities for 1989. It had received an overview of the preliminary draft on 13 June<sup>11</sup> and the full text on 18 July. The deadlines specified by the budgetary procedure were thus complied with.

Because of the new framework for the debate on the budget — the interinstitutional agreement on budgetary discipline and the medium-term financial perspective<sup>12</sup> — the problems encountered in recent years were largely avoided. For the EAGGF Guarantee Section for example, the Council merely cut the Commission's preliminary draft<sup>13</sup> by ECU 83 million: it thus approved a total amount (including the set-aside

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<sup>1</sup> OJ L 265, 26.9.1988

<sup>2</sup> Bull. EC 6-1988, point 2.3.2.

<sup>3</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.5.

<sup>4</sup> OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.3.6.

<sup>5</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.7.

<sup>6</sup> COM(88) 345 final.

<sup>7</sup> OJ L 356, 31.12.1977.

<sup>8</sup> COM(88) 450 final.

<sup>9</sup> OJ C 235, 12.9.1988.

<sup>10</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.4 *et seq.*

<sup>11</sup> Bull. EC 6-1988, point 2.3.3.

<sup>12</sup> OJ L 185, 15.7.1988; Bull. EC 6-1988, point 2.3.8, 2.3.10 and 2.4.18.

<sup>13</sup> COM(88) 290 final; Bull. EC 6-1988, point 2.3.3.



arrangements<sup>1</sup> which was ECU 497 million below the agricultural guideline figure for 1989.<sup>1</sup> For structural measures, the Council maintained the commitment appropriations proposed by the Commission for each of the three structural Funds (Regional Fund, Social Fund and EAGGF Guidance Section), a total of ECU 9 295 million. It reduced very slightly the payment appropriations for the EAGGF Guidance Section and the Social Fund. The specific industrial development programme for Portugal (Pedip) was given ECU 103.5 million in commitment appropriations and ECU 80 million in payment appropriations.

In the case of the policies with multiannual allocations (IMPs and the research framework programme), the Council made a very slight reduction in the appropriations proposed by the Commission for this 'privileged' non-compulsory expenditure (like the non-compulsory expenditure for structural measures).

For the rest, in relation to the preliminary draft<sup>2</sup> the Council's main decision was to keep the rate of increase of all 'non-privileged' non-compulsory expenditure at 2.9%, less than half the maximum rate of increase.<sup>3</sup> As a result of this approach, it made fairly sharp cuts in the appropriations proposed by the Commission for transport, environment, food aid and administrative expenditure. For example, the Council decided not to take any action for the time being in response to the Commission's request for 216 new posts. The total amount of appropriations entered in the draft budget thus comes to ECU 47 515 million in commitment appropriations, i.e. ECU 507 million less than in the preliminary draft, and ECU 46 005 million in payment appropriations, ECU 471 million less. These totals are broken down by main sectors of activity in Table 13.

<sup>1</sup> Bull. EC 2-1988, point 1.1.1 *et seq.*

<sup>2</sup> COM(88) 290 final; Bull. EC 6-1988, point 2.3.3.

<sup>3</sup> Bull. EC 4-1988, point 2.3.4.

Table 13 — *Stages in the 1989 budget procedure*

Area	Budget 1988		Preliminary draft 1989		Council first reading		Change	
	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments
	1	2	3	4	5	6	7 = 5 - 3	8 = 6 - 4
1. EAGGF Guarantee Section (Titles 1 and 2)	27 500	27 500	28 190	28 190	28 107	28 107	- 83	- 83
2. Repayments old stocks (Chapter 81)	1 240	1 240	1 449	1 449	1 449	1 449	0	0
3. Monetary reserve (Chapter 102)	1 000	1 000	1 000	1 000	1 000	1 000	0	0
4. Set-aside and income support (Chapter 39)			100	100	100	100	0	0
5. Structural Funds	7 681	6 733	9 295	8 274	9 295	8 239	0	- 35
EAGGF Guidance Section (Chapter 30)	1 131	1 153	1 413	1 384	1 413	1 369	0	- 15
ERDF (Chapter 50)	3 684	2 980	4 495	3 920	4 495	3 920	0	0
ESF (Chapter 60)	2 966	2 600	3 387	2 970	3 387	2 950	0	- 20

## Budgets

Area	Budget 1988		Preliminary draft 1989		Council first reading		Change	
	Commitments	Payments	Commitments	Payments	Commitments	Payments	Commitments	Payments
	1	2	3	4	5	6	7 = 5 - 3	8 = 6 - 4
6. Pedip (Article 553)	100	50	100	80	103	80	3	0
7. IMPs (Chapter 55 ex. Article 553)	144	96	264	262	264	250	0	- 12
8. Agriculture (Chapter 38)	71	69	86	83	83	81	- 3	- 2
9. Misc. regional (Chapter 54)	7	5	20	26	17	24	- 3	- 2
10. Misc. social (Chapters 63, 64, 69)	180	172	220	229	207	215	- 13	- 14
11. Transport (Chapter 58)	71	71	67	37	44	22	- 23	- 15
12. Environment (Chapter 66)	33	33	43	39	25	25	- 18	- 14
13. Information and culture (Chapter 67)	41	41	38	36	32	30	- 6	- 6
14. Fisheries (Title 4)	337	281	361	396	361	379	0	- 17
15. Energy (Chapters 70, 71)	130	111	138	126	135	120	- 3	- 6
16. Research (Chapter 73)	1 075	916	1 450	1 201	1 401	1 182	- 49	- 19
17. Innovation, internal market (Chapters 75 to 79)	155	127	186	153	152	122	- 34	- 31
18. Development (Title 9)	1 073	870	1 303	1 085	1 110	951	- 193	- 134
19. Administration (Part A)	1 272	1 272	1 426	1 426	1 371	1 371	- 55	- 55
20. Other institutions	696	696	736	736	732	732	- 4	- 4
21. Repayments to Member States (Title 8, except Chapter 81)	2 534	2 534	1 544	1 544	1 527	1 527	- 17	- 17
22. Reserve (Chapter 101)	5	5	5	5	0	0	- 5	- 5
Total	45 344	43 820	48 022	46 476	47 515	46 005	- 507	- 471

## Own resources

2.3.7. On 26 July the Commission adopted a Decision<sup>1</sup> determining the amount of VAT own resources payable by the Federal Republic of Germany for 1986 in respect of transactions covered by the 20th Council Directive of 16 July 1985 on the harmonization of the laws of the Member States relating to turnover taxes—Com-

mon system of value-added tax: derogations in connection with the special aid granted to certain farmers to compensate for the dismantlement of monetary compensatory amounts applying to certain agricultural products.<sup>2</sup>

<sup>1</sup> OJ L 234, 24.8.1988.

<sup>2</sup> OJ L 192, 24.7.1985; Bull. EC 7/8-1985, point 2.1.137.

## Discharge for budget implementation

2.3.8. In accordance with Article 85 of the Financial Regulation,<sup>1</sup> the Commission sent the budgetary authority its interim report on measures taken in response to comments made in the resolution accompanying the decision granting a discharge for the implementation of the 1986 budget.<sup>2</sup>

## ECSC operating budget

2.3.9. On 29 July the Commission sent the Council the report<sup>3</sup> on the ECSC's financial accounts for 1987.<sup>4</sup>

2.3.10. On 19 July, after taking note of Parliament's opinion<sup>5</sup> (→ point 2.4.24) and the discussions of the ECSC Consultative Committee, the Commission adopted<sup>6</sup> the amending ECSC operating budget for 1988.<sup>7</sup>

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2.3.11. On 5 July the Commission sent the Council the financial report of the Communities for 1987. This document, drawn up for the first time when the revenue and expenditure account for 1987 was presented, summarizes the main aspects of the revenue and expenditure account and the consolidated balance sheet and analyses financial management in 1987.<sup>8</sup> As part of the modernization of Commission procedures and the aim to provide information to a wider section of the public, this financial report<sup>9</sup> has been written in a more readable form which will be understood by non-specialist readers. It provides an overview of the revenue and expenditure of the Communities for last year including a breakdown by institution. In addition, it explains the budgetary procedure and highlights the major developments in this area in 1987.

## Financial operations

### ECSC

#### Loans raised

2.3.12. In July and August the Commission made several private placings in

Belgian francs, marks, French francs and pesetas for the equivalent of ECU 98.1 million.

#### Loans paid out

2.3.13. Acting under Articles 54 and 56 of the ECSC Treaty, the Commission paid out loans in July and August totalling ECU 261.16 million, as follows:

#### *Industrial loans*

2.3.14. Industrial loans (Article 54 ECSC) totalling ECU 200.51 million were made to Denmark, the Federal Republic of Germany and France.

#### *Conversion loans*

2.3.15. Conversion loans (Article 56 ECSC) totalling ECU 54.23 million were made to the Federal Republic of Germany, Spain and France.

#### *Worker's housing*

2.3.16. Housing loans for ECSC workers totalling ECU 6.42 million were granted in Belgium, the Federal Republic of Germany, Spain, France, Ireland, Italy, Luxembourg and the United Kingdom.

### Euratom

#### Loans raised

2.3.17. In July the Commission made a private placing for the equivalent of ECU 23 million. The proceeds from the loan will be used to refinance an existing loan at a more advantageous rate and does not count towards the upper limit.

<sup>1</sup> OJ L 356, 31.12.1977.

<sup>2</sup> COM(88) 452 final.

<sup>3</sup> COM(88) 300 final.

<sup>4</sup> OJ C 217, 19.8.1988; Bull. EC 6-1988, point 2.3.19.

<sup>5</sup> OJ C 235, 12.9.1988.

<sup>6</sup> OJ C 203, 4.8.1988.

<sup>7</sup> Bull. EC 6-1988, point 2.3.20.

<sup>8</sup> Bull. EC 5-1988, point 2.3.8.

<sup>9</sup> Available from the Office for Official Publications of the European Communities — L 2985 Luxembourg.

## 4. Political and institutional matters

### European political cooperation

2.4.1. On 12 July the representative of the Presidency in Pretoria made representations, on behalf of the Twelve, concerning political prisoners and children in detention. Ambassador Tsilas met with the Deputy Director-General of the Ministry of Foreign Affairs on the subject.

2.4.2. On 18 July the 71st EPC ministerial meeting took place in Athens. Ministers had a lengthy discussion on East-West relations including the CSCE and issued a joint statement to the press. They also adopted joint statements on the occasion of the 70th birthday of Nelson Mandela, and on southern Africa (Namibia/Angola), Chile and Afghanistan.

### East-West relations

'The Ministers had a comprehensive discussion on East-West relations. They paid particular attention to the Moscow All-union Party Conference and to the meeting of the Political Consultative Committee of the Warsaw Pact. They also discussed in depth the present state of play at the CSCE meeting in Vienna. The Twelve are determined to continue to strive for a dynamic development of East-West relations.

The Ministers noted that certain of the ideas contained in the final communiqué from the Political Consultative Committee Meeting of the Warsaw Pact reflected positions on conventional arms control long supported by the Twelve, particularly with regard to stringent verification and to the concept of asymmetrical reductions. This positive development should now be transformed into acts. Agreement on a balanced and substantial concluding document of the Vienna CSCE meeting is the way to secure the opening of negotiations on conventional stability in Europe, aiming at the establishment of a stable and secure balance of conventional forces in Europe at a lower level, and on a further set of confidence- and security-building measures.

The Twelve recall their recent appeals to other participating States of the CSCE to settle remaining issues at the Vienna follow-up meeting, particularly in the field of human rights and human contacts. The Ministers renewed their call for a rapid and satisfactory outcome to that meeting, which

must conclude with a substantial and balanced document, permitting progress in the fields of human rights, cooperation and security.

To this end, the Twelve as well as other Western countries have made a number of balanced and concrete follow-up proposals. They expect that after the meeting of the Warsaw Pact these efforts will be met with an adequate response. The neutral and non-aligned countries, for their part, have presented a draft concluding document which the Twelve consider a suitable basis for agreement. At this final stage of negotiations, proposals for amendments should therefore be limited in number and restricted to essential points.

The Twelve call on all participating States to act according to their declarations and take the decisions required to bring the Vienna meeting to a prompt and successful conclusion.'

### Nelson Mandela's 70th birthday

'Today, Nelson Mandela, who has now been in prison for nearly 25 years, marks his 70th birthday. The Twelve take this occasion to renew their call on the South African Government to release Mr Nelson Mandela and other political prisoners unconditionally and immediately. His release would be not only a humanitarian gesture but also a welcome political signal.

With such a gesture the South African Government could show the world and those of its own citizens who identify themselves profoundly with the fate of Nelson Mandela that a will for dialogue and peaceful reconciliation exists.

The Twelve therefore appeal again to the Government in Pretoria to end its policy of repression and to free Nelson Mandela and all other political prisoners. This would be an important step towards establishing a basis for negotiations aimed at a democratic, non-racial and united South Africa.'

### Southern Africa

'The Twelve have noted the recent encouraging signs of progress and, while recalling their established position concerning Namibia, they reiterate their support for current efforts to secure peace for Angola and independence for Namibia on the basis of United Security Council Resolution 435/78.'

### Chile

'The Twelve reiterate their hope for an early and orderly restoration of democracy in Chile and

recall their attachment to free and democratic elections in that country, as expressed in their declaration of 9 October 1987.<sup>1</sup> They are convinced that restoration of democracy in Chile would contribute to strengthening civilian rule and stability in Latin America.

Taking note of the forthcoming plebiscite, the Twelve wish to stress the need for all measures to be taken so that the campaign be conducted and the vote take place in a way guaranteeing the free expression of the people's will and in a climate free of violence and intimidation.

In particular, the Twelve believe that for the proper conduct of the plebiscite it is essential that the Chilean Government without delay lifts the state of exception, restores political liberties, respects human rights and ensures freedom of information and opinion.'

## Afghanistan

'The Ministers had an exchange of views on the situation in Afghanistan. They recalled their earlier statements on the contribution that the European Community and its Member States will make in due course towards the settlement of refugees and the reconstruction of that country. They therefore welcomed the programme devised by the United Nations Coordinator, Prince Sadruddin Aga Khan.'

2.4.3. On 20 July the representative of the Presidency in Managua made representations to the Nicaraguan authorities on behalf of the Twelve to express their concern about the closing-down of Radio Católica and the blacklisting of *La Prensa*.

2.4.4. On 21 July the Twelve adopted the following joint statement on the Iran-Iraq conflict:

'The Twelve welcome the decision taken by Iran to accept Security Council Resolution 598. This development is an important step which opens the way to end the conflict and to the restoration of stability, peace and security in the region.

The Twelve, convinced that a comprehensive, just, honourable and durable settlement should be achieved between Iraq and Iran, reiterate their unreserved support for the efforts of the UN Secretary-General to this end. In this respect the Twelve, expressing concern about the continuation of hostilities, urge both parties to act with moderation and to cooperate intensively with the UN Secretary-General in order to accelerate the implementation of Resolution 598.'

2.4.5. On 25 July the Twelve published the following joint statement on the informal Jakarta meeting (held on that day) concerning the situation in Cambodia:

'The Twelve welcome the Jakarta informal meeting and reiterate their support for the efforts, in particular of the Asean countries, in search for a comprehensive political settlement of the problem of Cambodia, in accordance with the relevant resolutions of the UN.

They hope that the meeting will be a starting point for a peace process that will lead to the restoration of a sovereign, independent, neutral and non-aligned Cambodia. To this end the total withdrawal of all Vietnamese forces from Cambodia is indispensable.'

2.4.6. On 10 August the Twelve adopted the following joint statement on the Iran-Iraq conflict:

'The Twelve welcome the announcement of a cease-fire in the Iraq-Iran conflict to take effect from 20 August. They applaud the decision of the Governments of Iraq and Iran to accept this cease-fire, to be followed by direct talks under the auspices of the UN Secretary-General, leading to the full implementation of all the provisions of United Nations Security Council Resolution 598. They call for maximum restraint from both sides while the cease-fire is not officially in force.

The Twelve pay tribute to the UN Secretary-General for his untiring efforts and dedication which, with the cooperation of the parties involved, led to this historic decision.

The success of the Secretary-General's efforts contributes to the prestige of the United Nations and paves the way for an increasing role of the organization in maintaining international peace and security.

The twelve remain determined to support the work of the UN Secretary-General to achieve a comprehensive, just and lasting settlement to the conflict, leading to the restoration of peace and security in the region.'

2.4.7. On 19 August the Twelve adopted the following joint statement on the situation in Burma:

'The Twelve Member States of the European Community are following recent developments in Burma with attention and concern. In this context,

<sup>1</sup> Bull. EC 10-1987, point 2.4.1.

the Twelve express their concern about the grave deterioration of the human rights situation. They strongly deplore the fact that numerous persons lost their lives, were seriously injured or are being imprisoned for political reasons.

Therefore, the Twelve make an urgent appeal that all efforts be undertaken to find a peaceful solution to the existing economic and political problems of Burma.'

2.4.8. Also on 19 August they adopted a joint statement concerning the state of health of Nelson Mandela:

'The Twelve are deeply concerned about the state of health of Nelson Mandela. They reiterate their appeal to the South African Government for his immediate and unconditional release. His release has become all the more imperative now for humanitarian reasons.'

2.4.9. On 23 August the Twelve issued the following statement to the press concerning representations made to the Israeli Government concerning the occupied territories:

'On 18 August the Twelve made further representations to the Israeli Government regarding the recent deportations of Palestinians from the occupied territories and the continued Israeli practice of administrative detention.

The Twelve called upon the Israeli authorities to assure the protection of the inhabitants in the occupied territories in compliance with international law and human rights standards.'

2.4.10. In July Parliament adopted resolutions on political cooperation and human rights (→ point 2.4.26).

## European policy and relations between the institutions

### European policy

#### Elections to the European Parliament

2.4.11. On 7 July Parliament delivered its opinion<sup>1</sup> on the draft Council Decision on the dates for holding the 1989 European elections.<sup>2</sup> On the basis of Article 10 of the Act of 20 September 1976 concerning the

election of the representatives of the Assembly by direct universal suffrage,<sup>3</sup> Parliament did not accept that the difficulties referred to by the Council would make it impossible to hold the elections from 8 to 11 June. On the contrary, it felt that the period 15 to 18 June chosen by the Council<sup>4</sup> would raise just as many problems and that there was no reason for deviating from the obligations imposed by the 1976 Act.<sup>3</sup> It therefore asked for the conciliation procedure to be opened before any decision was taken, should the Council maintain its point of view.

2.4.12. On 26 July, following this procedure, during which the two parties upheld their respective positions, the Council decided that the third elections to Parliament by direct universal suffrage would be held from 15 to 18 June.<sup>5</sup>

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2.4.13. On 7 July Parliament adopted a resolution on the incompatibility between the office of Member of the European Parliament and Member of a national Parliament (→ point 2.4.24).<sup>1</sup>

#### Making a success of the Single Act

2.4.14. On 29 July the Commission sent the Council four proposals for Regulations to implement the framework Regulation concerning the tasks of the structural Funds, their effectiveness and the coordination of their activities between themselves and with the operations of the European Investment Bank and other existing financial instrument (→ point 1.1.1 *et seq.*).<sup>6</sup>

#### Implementing the Single Act

##### *Court of First Instance*

2.4.15. On 25 July, after receiving the Commission's final opinion, adopted on 19

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<sup>1</sup> OJ C 235, 12.9.1988.

<sup>2</sup> OJ C 122, 9.3.1988; Bull. EC 4-1988, points 2.4.10 and 2.4.19.

<sup>3</sup> OJ L 278, 8.10.1976; Tenth General Report, point 26.

<sup>4</sup> Bull. EC 6-1988, point 2.4.15.

<sup>5</sup> OJ L 210, 3.8.1988.

<sup>6</sup> COM(88) 500 final.

July, on the proposal drawn up by the Court of Justice,<sup>1</sup> and Parliament's opinion,<sup>2</sup> the Council (General Affairs) decided to set up a Court of First Instance of the European Communities (CFI). This Court will have jurisdiction to hear and determine at first instance certain classes of action or proceedings brought by natural or legal persons, particularly in those areas where proceedings require scrutiny of complex facts. The purpose of the new Court is to improve the judicial protection of individual interests and also, by relieving the Court of Justice of responsibility for examining questions of fact, to enable it to concentrate its activities on its fundamental task of ensuring uniform interpretation of Community law.

The CFI will consist of 12 members, including the Advocates-General. It will exercise at first instance the jurisdiction conferred on the Court of Justice by the Treaties establishing the Communities and by the acts adopted in the implementation thereof, in disputes between the Communities and their staff, in actions brought against a Community institution by natural or legal persons relating to the implementation of the competition rules applicable to undertakings, and in actions brought against the Commission by undertakings or associations of undertakings relating to matters covered by the ECSC Treaty.

The Council further provided that, in the light of experience, including the development of case-law, it would, after the Court of First Instance had been operational for two years, re-examine the proposal by the Court of Justice to give it competence also to hear and determine actions in connection with dumping or subsidies.

### **Implementing the conclusions of the Hanover European Council**

2.4.16. On 7 July Parliament adopted a resolution on the Hanover European Council (→ point 2.4.21).<sup>3</sup>

2.4.17. On 25 July the Council (General Affairs) reviewed the organizational aspects of work to implement the conclusions of the

Hanover European Council in the various areas concerned.<sup>4</sup> It took note of the intentions of the Greek Presidency (→ point 3.4.1) and the Commission in this connection.

## **Relations between the institutions**

### **Cooperation procedure**

2.4.18. During July and August the Commission sent the Council a number of proposals under the cooperation procedure,<sup>5</sup> the Council adopted several common positions, and Parliament adopted opinions (first reading) on various proposals, in fields including the internal market, and information and telecommunications technologies.

### **Exercise of implementing powers conferred on the Commission**

2.4.19. The Commission decided to institute proceedings before the Court of Justice for annulment of the Council Regulation of 30 June<sup>6</sup> extending the Regulation of 22 December 1986 on food aid policy and food aid management.<sup>7</sup> The Commission feels that the 'management committee' procedure adopted for the conversion into total quantities of the budget appropriations allocated for each product and the apportionment in terms of quantities and costs is in breach of the Treaty. In the Commission's opinion this matter falls within the scope of Article 205 of the EEC Treaty and consequently within its exclusive competence. This is the second action<sup>8</sup> brought by the Commission regarding Community procedure.<sup>9</sup>

<sup>1</sup> Bull. EC 5-1988, point 2.4.21.

<sup>2</sup> OJ C 187, 18.7.1988; Bull. EC 6-1988, point 2.4.32.

<sup>3</sup> OJ C 235, 12.9.1988.

<sup>4</sup> Bull. EC 6-1988, point 1.1.1 *et seq.* and point 3.4.1.

<sup>5</sup> See relevant headings.

<sup>6</sup> OJ L 168, 1.7.1988; Bull. EC 6-1988, point 2.2.59.

<sup>7</sup> OJ L 370, 30.12.1986; Bull. EC 12-1986, point 2.2.31.

<sup>8</sup> Bull. EC 10-1987, point 2.4.6.

<sup>9</sup> OJ L 197, 18.7.1988; Bull. EC 6-1987, points 2.4.11 to 2.4.14.

## Institutions and organs of the Communities

### Parliament<sup>1</sup>

#### *Strasbourg: 4 to 8 July*

2.4.20. During the July part-session the House debated the results of the Hanover European Council (→ point 2.4.21) and heard the statement on the programme for the Greek Presidency (→ point 3.4.1). As a follow-up to the important measures adopted in June<sup>2</sup> for implementing the decisions of the Brussels European Council<sup>3</sup> in connection with the Community's finances, Parliament approved supplementary and amending budget No 1/1988 (→ point 1.3.1) and gave its opinion on the preliminary draft budget for 1989 (→ point 2.4.24).

The House considered a number of subjects connected with transport policy, particularly air transport, and heard the findings and conclusions of its Committee of Inquiry on the Mol-Transnuklear affair. Various opinions and resolutions were passed on matters relating to external relations.

#### **Hanover European Council: Europe is back!**

2.4.21. The debate in the House was prefaced by the very positive assessment of the Hanover European Council<sup>4</sup> made by the Federal Chancellor, Helmut Kohl, and Commission President, Jacques Delors.

After recalling that by the end of the German Presidency a third (100 out of almost 300 proposals for legislation) of the White Paper programme<sup>5</sup> had been adopted, and restating the top priorities set in this field (public contracts, banks, standards and intellectual property), Chancellor Kohl highlighted the other areas considered for the first time by the European Council: the audio-visual sector and the cultural aspects, the social area as an integral part of the large market, and the need for an aggressive

policy on environmental protection. The Chancellor went on to comment in detail on the decisions taken on monetary affairs, with special reference to the Committee which, under the chairmanship of Mr Delors, is to report in June 1989 on the stages in the process of achieving economic and monetary union. In the external policy field Mr Kohl laid the emphasis on East-West relations—mentioning the Joint Declaration between the Community and the Council for Mutual Economic Assistance (Comecon)<sup>6</sup> and the agreement with Hungary<sup>7</sup> as major examples of a new development—and restated the position of the Twelve on South Africa. He concluded his statement with praise for the effective cooperation with Parliament throughout the Presidency, cooperation which had meant that Lord Plumb and the enlarged Bureau had been consulted before the decision taken by the European Council to reappoint Mr Delors for a further term as Commission President.

Mr Delors paid tribute to Chancellor Kohl and declared that over the last six months more progress had been made than between 1975 and 1984: the ideas outlined in the White Paper on the internal market<sup>5</sup> were becoming reality; solutions had been found for agriculture and the budget; an interinstitutional agreement had been concluded on the budget<sup>8</sup> to put an end to the 'constant guerilla warfare' that had been going on before the eyes of the European press and public; key decisions had been taken on the four freedoms (free movement of persons, goods, services and capital), and even more

<sup>1</sup> The texts of the resolutions adopted by Parliament appear in OJ C 235, 12.9.1988 and the report of the proceedings is published in OJ Annex 2-367. The political groups and countries of origin of members speaking in the debates are indicated in brackets after their names. The key to the abbreviations can be found in Bull. EC 1-1988, p. 51 (footnote 2).

<sup>2</sup> Bull. EC 6-1988, point 2.3.4 *et seq.*

<sup>3</sup> Bull. EC 2-1988, point 1.1.1 *et seq.*

<sup>4</sup> Bull. EC 6-1988, point 1.1.1 *et seq.*, and point 3.4.1.

<sup>5</sup> Bull. EC 6-1985, point 1.3.1 *et seq.*

<sup>6</sup> Bull. EC 6-1988, point 1.5.1 *et seq.*

<sup>7</sup> Bull. EC 6-1988, point 2.2.43.

<sup>8</sup> Bull. EC 6-1988, points 2.3.8 and 2.4.12.



important, two strategic breakthroughs had been achieved: social European and monetary union. On this last point he welcomed the personal collaboration of the governors of the Central Banks and other high-level experts. In conclusion, Mr Delors said he was convinced it would not be possible to take all the decisions that were required between now and 1995 without the beginnings, in one form or another, of a European government. He called on members to forge more and more links with the national parliaments, which had still not grasped the fact that in 10 years' time the Community would be responsible for 80 % of economic and, in some areas, fiscal and social legislation.

The speakers in the ensuing debate were virtually unanimous in welcoming the very positive achievements of the German Presidency, culminating in the success of the European Council, and in endorsing the reappointment of Mr Delors. Two in particular, Mr Christopher Prout (*ED/UK*) and Mrs Simone Veil (*LDR/F*) also congratulated the German Presidency on the changes it had made in the Council's working methods.

Other speakers qualified their satisfaction in various ways. Mrs Heinke Salisch (*S/D*) laid special emphasis on the European social area—Europe must safeguard its strict social and environmental criteria—and Mr Egon Klepsch (*EPP/D*), while welcoming the advance towards monetary union, regretted that Parliament was not associated with the procedure adopted. Mr Patrick Lalor (*EDA/IRL*) was particularly pleased about progress on mutual recognition of diplomas, because of the beneficial effects for the young people of Ireland.

A number of dissenting voices were nevertheless heard. Mr Andrea Raggio (*Com/I*) deplored the timidity and vagueness of the social and monetary conclusions. Mr Louis Baillot (*Com/F*) complained that the social measures envisaged were in reality an attempt to diminish existing national provisions. Mr Wolfgang von Nostitz (*Rainbow/D*) expressed his concern about the

risks of loss of regional identity and the precedence given to the economy over the environment. Finally, Mr Jean-Marie Le Pen (*ER/F*) regretted the total lack of concern for European security, with regard to threats from inside and outside.

In reply to the various speakers, Mr Delors acknowledged that as regards economic and monetary union there were still many technical problems to be solved, particularly concerning the institutional and political environment, while Chancellor Kohl dwelt on the importance of the social dimension of European integration. Both of them reassured the House as to its future role, Mr Delors undertaking to keep it informed of the work of the Committee he would be chairing.

At the end of the debate Parliament adopted by a large majority a resolution welcoming the results achieved during the German Presidency, when many strategic decisions had been taken for completing the internal market. The House approved the procedure adopted for moving towards economic and monetary union, but stressed that this must be accompanied by greater economic and social integration. It regretted that the Council's conclusions made no mention of greater social and regional cohesion, and restated its own priorities. Satisfaction was expressed at the results obtained in the field of European political cooperation and the prospects offered by the signing of the agreement with Comecon.<sup>1</sup> Mr Delors' reappointment as President of the Commission was approved and support voiced for the decisions on a people's Europe. The House hoped to see tangible evidence of the declared intention to give it a greater say in the decision-making process, especially on institutional issues.

2.4.22. Parliament adopted opinions (first reading) on Commission proposals concerning:

(i) two amendments to five Directives on the mutual recognition of diplomas, certifi-

<sup>1</sup> Bull. EC 6-1988, point 1.5.1 *et seq.*

cates and other evidence of formal qualifications as doctor, nurse responsible for general care, dental practitioner, veterinary surgeon and midwife, and to three Directives concerning the coordination of provisions laid down by law, regulation or administrative action relating to the activities of doctors, veterinary surgeons and midwives, and two Council Directives of 27 June 1977 concerning nurses responsible for general care (→ points 2.1.4 and 2.1.5);

(ii) a Decision on an exploratory Community action in the field of information technology and telecommunications applied to health care (AIM programme) (→ point 2.1.38).

2.4.23. Parliament gave opinions on the following Commission proposals:

(i) two Decisions concerning the conclusion of research cooperation agreements with Sweden on the recycling and utilization of waste and with Finland on wood as a renewable raw material (→ point 2.1.22);

(ii) a Decision concerning the establishment at Community level of a policy and plan of priority actions for the development of an information services market in the Community (→ point 2.1.41);

(iii) a Decision on the transition of the Eurotra programme to the third phase (→ point 2.1.43);

(iv) two amendments to the Directive of 28 May 1969 on the harmonization of legislation governing exemption from turnover tax and excise duty on imports in international travel (ninth amendment) and the Directive of 19 December 1974 on the tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character within the Community (fifth amendment) (→ points 2.1.51 and 2.1.52);

(v) an amendment to the Decision of 2 March 1984 introducing a Community system for the rapid exchange of information on dangers arising from the use of consumer products (→ point 2.1.123);

(vi) a Directive on information on the energy efficiency of buildings (→ point 2.1.236);

(vii) a recommendation to the Member States to promote cooperation between public electricity supply companies and private electricity generators (→ point 2.1.237);

(viii) a Regulation on the implementation of storage programmes and warning systems (→ point 2.2.47);

(ix) a Regulation on the implementation of co-financing operations for the purchase of food products or seeds by international bodies or non-governmental organizations (→ point 2.2.67);

(x) the dates for the 1989 elections to the European Parliament (→ point 2.4.11).

2.4.24. Resolutions were passed on the following subjects:

(i) *Judicial and administrative assistance between authorities and courts of the Member States in respect of legal provisions and quality standards applicable to foodstuffs.* Parliament called on the Commission to submit to the Council a proposal for a Directive on judicial and administrative assistance between Member States to combat infringements of quality standards applicable to foodstuffs. The object would be to improve cooperation between the authorities responsible for monitoring and inspection in order to ensure better protection for consumers after completion of the internal market. The means recommended are arrangements for communicating information and documents, and a system of judicial assistance in any criminal proceedings.

(ii) *The position of women in Spain and Portugal as regards their conditions of work and employment.* Despite the legal safeguards which Spanish and Portuguese legislation provides in relation to women's rights and the recent initiatives in both countries to promote equality of opportunity, Parliament nevertheless found that some *de facto*

discrimination continues, especially in working life. The House therefore recommended programmes designed specifically to promote employment for women as regards access to jobs, re-integration, vocational training and management of the labour market, with special consideration for the areas where women are under-represented. Parliament also urged the Commission to increase the volume of assistance from the European Social Fund for Spanish and Portuguese women, to step up information and publicity and to do everything possible to promote the creation of jobs for women at local level.

(iii) *Equal opportunities for boys and girls in the field of education and vocational training.* Parliament considered current developments in vocational training and guidance for women to be still inadequate and wanted to see fuller implementation of the resolution on the equal opportunities programme adopted by the Council on 24 July 1986.<sup>1</sup> The Member States were urged to take all the necessary steps. The House asked the Commission to report back in a year's time on the application of its recommendation of 24 November 1987 on vocational training for women<sup>2</sup> and also to continue and to step up its efforts to ensure equality of opportunity in education and training. It hoped that 1990 would be declared European Year for equal opportunities.

(iv) *Rights of women in childbirth.* In an endeavour to ensure better protection during pregnancy and childbirth, Parliament called on the Member States to revise all their legislation concerning women in pregnancy and childbirth and asked the Commission to adopt a directive to bring all national provisions into line with those of the most advanced Member State. The House asked the Commission to draw up a charter on the rights of women in childbirth applicable to all Community countries, enabling any pregnant woman to obtain a medical card guaranteeing her a number of benefits, services and rights. It also wanted to see the Member States take appropriate steps, particularly in respect of information

and research, and urged the Commission to carry out an in-depth study on the causes of infant and maternal mortality in the Community.

(v) *Third periodic report from the Commission on the social and economic situation and development of the regions of the Community.*<sup>3</sup> Parliament commended the Commission for this third report, which was a considerable improvement over its predecessors with an analysis that covered broader ground. It highlighted the essential findings, especially the persistence of major disparities — notably in employment — and how they have widened since the accession of Spain and Portugal. Community and national policies were seen to be ineffective in attaining the objective of convergence. However the Commission was undoubtedly right in arguing that completion of the internal market would aggravate the imbalances unless related measures were not swiftly adopted. The House therefore called for effective regional policies and made various recommendations for improving the statistics supplied by the Member States and for enhancing the content of the fourth report. The Commission was asked to present, in the form of a communication, the policy conclusions to be drawn from the third periodic report.

(vi) *Damage caused by violent storms in south-west France.* Parliament expressed its deepest sympathy with the victims of the violent storms which struck south-west France, particularly the vineyards of the Bordeaux area, on 16 and 17 June. The House called on the Commission to demonstrate Community solidarity with those affected by granting them emergency aid on top of the national assistance already provided.

(vii) *Disastrous position of Portuguese agriculture as a result of abnormal weather conditions.* Parliament recommended that Community emergency measures be taken

<sup>1</sup> OJ C 203, 12.8.1986; Bull. EC 7/8-1986, point 2.1.103.

<sup>2</sup> OJ L 342, 4.12.1987; Bull. EC 11-1987, point 2.1.127.

<sup>3</sup> Bull. EC 5-1987, point 2.1.127.

to help Portuguese agriculture out of the difficulties caused by abnormally heavy rainfall in June. This catastrophic farming year would have disastrous consequences both for farming incomes and for Portugal's agricultural trade balance.

(viii) *Transport of dangerous goods and substances.* In view of the marked increase in movements of dangerous goods and substances and in the number of accidents, Parliament considers it essential to make Community rules fully comprehensive and to ensure they are properly enforced by the Member States. In the context of 1992, liberalization of the transport market must be wedded to greater protection for public health and the environment through binding harmonization of national provisions; Parliament accordingly proposed various measures for road infrastructure, equipment safety and training.

(ix) *A policy on urban waste plastics.* The steadily increasing volume of plastics in many sectors and the noxious effects of waste plastics on the environment prompted Parliament to call on the Commission to tackle this problem as part of an overall Community policy on waste elimination, based on in-depth studies. Recalling its resolution of 19 June 1987 on waste disposal,<sup>1</sup> the House wanted to see the Commission taking preventive measures and action on the generation and recycling of waste plastics, and on their degradability and their use as a source of raw materials and energy. Parliament urged the Member States to take steps to keep the consumers and the public more keenly aware and better informed.

(x) *The catastrophic environmental impact of large-scale deforestation in Sarawak (East Malaysia).* Parliament expressed its concern over the pace of deforestation in Sarawak, pursued mainly for commercial purposes, and its impact on the environment and lifestyle of the inhabitants. Referring in particular to the fourth Community environmental action programme,<sup>2</sup> the House hoped to see a temporary suspension of imports of timber from Sarawak. The Community and the Member States were

urged to conclude forthwith a bilateral timber agreement with Malaysia to provide for the setting-up of an independent committee under the International Tropical Timber Organization (ITTO). The Committee would be responsible for assessing the ecological and social acceptability of existing and new logging concessions — only timber from selected concessions being importable — and for drawing up management programmes for tropical rain forests. The House called on the Community and the Member States to give the Malaysian Government and the ITTO financial and expert assistance in implementing these proposals, and to exert their influence in the ITTO to extend their application beyond Sarawak.

(xi) *Farm prices for the 1988/89 marketing year.* Parliament maintained that it was not in a position to give an opinion if it was not fully informed about the budgetary implications of the individual proposals for making savings in the milk sector. It therefore called on the Commission to establish, in agreement with the Presidents of Parliament and the Council, a procedure whereby a decision on the agricultural prices can be taken in full knowledge of the financial situation within the agreed budgetary framework. The Commission was also asked to submit a sector-by-sector analysis of the effects of the farm price decisions for 1988/89 on the 1988 and 1989 budgets. The Council was urged to provide Parliament with detailed information on EAGGF Guarantee Section expenditure at the end of each financial year, starting with 1988.

(xii) *Effect of the marketing of milk imitation products on the common organization of the market in milk products and on the common agricultural policy.* Parliament is concerned about the proliferation of milk imitations which, enjoying a substantial price advantage over natural products, are damaging milk's reputation and harming producers already subject to severe restric-

<sup>1</sup> OJ C 190, 20.7.1987, Bull. EC 6-1987, point 2.4.19.

<sup>2</sup> OJ C 3, 7.1.1987; Bull. EC 12-1986, point 2.1.178.

tions. The Commission's lack of accurate knowledge of this phenomenon was found surprising and the inadequacy of the Council Regulation of 2 July 1987 on the protection of designations used in the marketing of milk and milk products<sup>1</sup> was highlighted. The House asked the Commission to draft proposals to remedy the situation and to ensure strict application of Article 2 of the Regulation. The Commission was also urged to investigate the possibility of including milk imitation products in the existing milk quota arrangement. In view of the disparities between national regulations, Parliament suggested that they be maintained for the time being but asked the Commission to make proposals at once to harmonize the rules governing the marketing of milk products. The House recommended that the Commission provide greater quality incentives for agricultural products and support the manufacture, promotion and marketing of new milk products.

(xiii) *Live plants and floriculture products.* Parliament hoped that unequivocal support would be given to this important but fragile sector and favoured the introduction of a policy based on quality enhancement and the widest possible diversity so as to boost consumption. It therefore asked the Commission to take appropriate measures to improve marketing processes and consumer information, promote research, harmonize plant health legislation, develop cooperation and support for producer groups, strengthen Community protection for certain sensitive products and ensure that production standards are strictly enforced.

(xiv) *Effects and risks of using growth hormones and BST hormone in the dairy and meat industries.* While it welcomed the decision by the Council on 7 March to re-enact the Directive of 31 December 1985 prohibiting the use in livestock farming of certain substances having a hormonal action,<sup>2</sup> Parliament was still concerned that BST, a biotechnological hormone, continues to be used when its socio-economic effects, especially on the balance between

regions and producers, are still poorly known. Stressing the importance of research and the development of more refined measurement procedures, the House requested the Commission, in the absence of harmonized legislation, to oppose authorization to use BST in certain countries and to introduce an aid system to compensate producers for the income losses they incur by discontinuing the use of growth hormones. The House also advocated harmonizing and tightening the controls and wanted to see identical health standards applied to imported meats. Other recommendations were the creation of a legal framework also covering genetically engineered growth accelerators, the development of information measures, such as clear indications on animal products of all treatments used in production, and the introduction of European quality labels.

(xv) *Channel Tunnel.* Parliament welcomed the decision by the French and British Governments to approve the Eurotunnel project and stressed that it would facilitate and encourage both intra-Community trade and regional economic development. The project, which is being financed by both private and public funds, is seen as a demonstration of the ability of Community contractors to work together. Parliament still hoped that sufficient attention would be paid to measures ancillary to construction of the tunnel, i.e. support for the regions which will bear the short- or long-term consequences; improved infrastructures on both sides of the Channel and measures to alleviate the social impact of a rationalization of the ferry network.

(xvi) *Inland ports.* Parliament took the view that the Commission has hitherto not paid sufficient attention to inland ports. It therefore called for a genuine inland waterway policy to be formulated, as part of a comprehensive watercourse policy, in preparation for the establishment of the single European market. With appropriate har-

<sup>1</sup> OJ L 182, 3.7.1987; Bull. EC 6-1987, point 2.1.155.

<sup>2</sup> OJ L 70, 16.3.1988; Bull. EC 3-1988, point 2.1.138.

monization measures, this policy should help in finding a real solution to the problem of overcapacity and take particular account of the problems of inland ports, especially in the social field. Measures advocated included the updating of the inventory of ports, the setting-up of a liaison committee, harmonization of port management, more substantial aid for infrastructures, technical assistance for ports in the least developed regions and any other measure that might eliminate the discrimination against inland ports as opposed to sea ports.

(xvii) *Future of Eurocontrol.* The present and foreseeable development of air traffic, particularly as a result of the Community liberalization measures formally adopted on 14 December 1987<sup>1</sup> and of the completion of the internal market, makes it essential to centralize responsibility for air traffic safety and control in European airspace. Parliament reiterated its wish to have this task entrusted to the European Organization for the Safety of Air Navigation (Eurocontrol), whose present precarious situation it deplored. The House therefore called for this organization to be given Community status and made accountable to Parliament and thus outside the purview of national administrations. The House felt that Eurocontrol must cover the territories of all 12 Member States and work closely with other European non-member countries. Parliament also urged the Commission to study the possibility of entrusting Eurocontrol with the function of coordinating cooperation between the various air-traffic control centres, including those handling military traffic.

(xviii) *Potential capacity of Community airports to meet the challenge of 1992.* In view of the foreseeable increase in air traffic over the next few years and of the alterations to be made to airports when internal frontiers are abolished in 1992, Parliament regretted that the Commission had delayed presenting the necessary proposals for adapting airport infrastructures. It was therefore asked to first consult Parliament and then submit to the Council a medium-term integrated programme for facilitating

the necessary investments to avoid airport congestion and ensure air safety.

(xix) *Liberalization of air transport, completion of the internal market and consequences for air safety.* With the growth in air traffic already so large that all forecasts seem likely to be exceeded, delays are becoming more frequent and the number of near-misses and accidents expose a serious lack of preparation for this development and the consequent threat to air safety. Recalling its resolution of 15 September 1987,<sup>2</sup> Parliament deplored the inertia of the national authorities and the Commission. It urged the Commission and the current Council Presidency to take the initiative in promoting essential measures within a global approach to all the problems of safety and airspace control.

(xx) *Findings of the Committee of Inquiry on the handling and transport of nuclear material.* In the light of the findings of the Committee of Inquiry set up to investigate the Mol-Transnuklear affair<sup>3</sup> Parliament called for nuclear waste to be processed on the production site wherever possible and for responsibilities to be clearly demarcated between the operation of nuclear installations, the transport of waste and waste processing. The Commission was requested to propose comprehensive Community rules for the cross-border transport of nuclear waste and to take the steps needed to enhance the credibility and effectiveness of controls. A call was made for a revision of the Euratom Treaty in order to clarify and extend Community competence in nuclear safety, and the House also wanted to see its own authority strengthened. Other recommendations were wider powers for the International Atomic Energy Agency, a comprehensive annual report on Euratom safeguards which would also be available to the public, and a confidential report on implementation of safeguards in the Mem-

<sup>1</sup> OJ L 374, 31.12.1987; Bull. EC 12-1987, points 2.1.272 and 2.1.280.

<sup>2</sup> OJ C 281, 19.10.1987; Bull. EC 9-1987, point 2.4.13.

<sup>3</sup> OJ C 49, 22.1.1988; Bull. EC 1-1988, point 2.4.10.

ber States. Parliament also wanted the rights of Parliamentary Committees of Inquiry to be clearly defined in future.

(xxi) *Community aid for Central America.* Parliament is anxious to see closer political and economic cooperation with Central America and better coordination of the Community's global aid policy. The resolution asks the Commission to ensure that aid is properly administered, in particular by seeing that it is fairly allocated and used for non-military purposes in integrated projects that favour the peace process and development. The Central American Governments are requested to ensure that the Esquipulas agreements<sup>1</sup> are fully implemented and to ratify the Treaty establishing the Central American Parliament.

(xxii) *Technology transfer to the Third World as part of the drive to halt deforestation.* Parliament expressed its alarm at the ecological, social and economic consequences of the rapid destruction of forests in the Third World. The House called on the creditor institutions and countries to take account of this phenomenon in their attitudes towards the debtor countries concerned, which are trying to pay off their debts by massive exports of their timber resources; the chief consumers were requested to adapt their demand accordingly. Restating the conclusions of the Joint ACP-EEC Assembly working parties on rural development and on women and population in the development process,<sup>2</sup> Parliament stressed the importance for the Third World countries of applying energy policies which not only assured their independence but also favoured useful renewable energy sources and firewood substitutes. At Community level Parliament stressed the need for an integrated forestry policy adjusted to the new direction of the common agricultural policy. The Commission was called upon to include forestry policy in trade and cooperation agreements with Third World countries and to work with the Member States in drawing up an international code of conduct.

(xxiii) *Disaster in Turkey.* Parliament expressed its sympathy with the victims of

the landslide in Catar and hoped for an increase in Community aid to combat soil erosion.

(xxiv) *Involvement of the aged in the Third World development process.* The population growth forecasts for the Third World and the meaningful cultural role of the elderly and the difficulties they have in fitting into a process of modernization prompted Parliament to demand that they be given a special place in Community development policy. The House wanted to alert the governments of the ACP countries to the implications of the ageing of their populations; it also asked that elderly people be specifically mentioned in the next ACP-EEC Convention and that the implications for their situation be taken into account in the selection and evaluation of Community-assisted projects. Parliament recommended that appropriate resources be made available to the ACP-EEC Cultural Cooperation Foundation to enable it to slant its action programme more towards this sector of the population.

(xxv) *Preliminary draft general budget of the Community for 1989.* The Resolution again welcomes the conclusion of the inter-institutional agreement<sup>3</sup> and then stresses the importance of ensuring that budgetary decisions are more consistent with legislative decisions, which will require closer cooperation between the institutions and changes in the working methods of Parliament's committees. As regards the budget estimates for 1989<sup>4</sup> Parliament was pleased to see these are within the agricultural guidelines set by the Council,<sup>5</sup> but deplored the inadequacy of information on the financial perspective, particularly on its updating. Restating its own priorities for Community policy, the House urged the Council to make its budgetary proposals reflect more faithfully its planned policies and regretted the scant consideration given to

<sup>1</sup> Bull. EC 7/8-1987, point 2.4.3.

<sup>2</sup> Bull. EC 2-1987, point 2.2.36.

<sup>3</sup> Bull. EC 6-1988, points 2.3.8, 2.3.10 and 2.4.18.

<sup>4</sup> Bull. EC 6-1988, point 2.3.3.

<sup>5</sup> Bull. EC 2-1988, point 1.1.1.

new policies by the Commission in its preliminary draft.

(xxvi) *Aide-mémoire on the amendment of the 1988 ECSC operating budget.* While Parliament approved the amendments and welcomed the greater budgetary transparency resulting from transmission of the Commission's *aide-mémoire*,<sup>1</sup> it still repeated its request for a genuine budget, which would obviate the need for the juggling of the accounts which the Commission had to engage in, and deplored the delays in utilization which left 46 % of the 1987 budget unused. The Commission's plan to change the methods of financing the social measures connected with the restructuring of the steel industry<sup>2</sup> and the new own resources decision<sup>3</sup> were seen by Parliament as further arguments for the ECSC budget being eventually integrated into the general budget.

(xxvii) *Incompatibility between the offices of Member of the European Parliament and Member of a national parliament.* Arguing that members of the European Parliament were elected to serve on a full-time basis, the House called on the Member States to amend Article 5 of the Act of 20 September 1976 on the election of representatives to the Assembly by universal suffrage,<sup>4</sup> in order to prohibit members holding seats in both the European Parliament and a national parliament. Those affected by such a ban should, however, be allowed to continue to serve in the European Parliament until the end of their term. The House also recommended establishing links with elected national and regional assemblies.

2.4.25. Acting under its powers on budgetary matters, Parliament passed a resolution approving supplementary and amending budget No 1/1988<sup>5</sup> (→ point 1.3.1).

2.4.26. In the field of political cooperation and human rights, Parliament passed resolutions on the following subjects:

(i) *The situation in Chile.* Parliament called on all democratic nations to do all they can to stop the continuing practices that are

violating human rights in Chile. It listed the conditions that would allow the elections scheduled for 1988 to be an initial step towards democracy: the release of political prisoners, the abolition of the death penalty, the provision of full information on the fate of people who have disappeared and the suspension and repeal of laws that restrict the political activity of the opposition. The House urged the opposition parties to keep on trying to reach mutual agreement and also decided to form a special team of its members to monitor the situation until the plebiscite. It called for a doubling of Community emergency aid to be supplied, under strict control, by the non-governmental organizations to the neediest sections of the population.

(ii) *Destruction of an Iranian aircraft by the US navy.* In its resolution the House deeply regretted the shooting-down of the Iranian Airbus and the death of its passengers, and, while noting that the US Defence Department had started an official inquiry, hoped that the International Civil Aviation Organization (ICAO) would also conduct an inquiry. It supported the proposal that the ICAO make new rules for the safety of civil aircraft. The House called on the belligerents to cease all attacks on shipping in the Gulf and, with an appeal to all parties concerned to implement UN Security Council Resolution 598, urged the Member States to initiate new moves to bring the Gulf War to an end.

(iii) *The military coup d'état in Haiti.* Parliament condemned the military *coup d'état* by General Namphy, reaffirmed its solidarity with the people of Haiti and called on the Commission to continue supplying aid through non-governmental organizations. The House urged the Council to join it in condemning the *coup d'état* and the President of the Foreign Ministers meeting in political cooperation to submit his

<sup>1</sup> Bull. EC 6-1988, point 2.3.20.

<sup>2</sup> Bull. EC 6-1988, points 2.1.53 and 2.1.136.

<sup>3</sup> Bull. EC 6-1988, point 2.3.4.

<sup>4</sup> OJ L 278, 8.10.1976; Tenth General Report, point 26.

<sup>5</sup> Bull. EC 6-1988, point 2.3.2.



views formally on this resolution in accordance with the Decision of 28 February 1986.<sup>1</sup>

(iv) *The Sharpeville Six*. Following the communication of the Toronto Western Economic Summit<sup>2</sup> and the statement by the Hanover European Council,<sup>3</sup> Parliament stressed that, even if the calls for a retrial had no effect, public opinion in civilized countries expected President Botha to show clemency. The House called on the Member States to step up the pressure on the South African Government, should any of the Sharpeville Six be executed.

(v) *Disappearance of the Flemish doctor, Jan Cools, in Lebanon*. In the absence of any information concerning Dr Jan Cools since he disappeared on 21 May, Parliament protested strongly at the kidnapping of people working for aid programmes and called on the Twelve to play a more active role in securing the release of Dr Cools and of the other hostages in Lebanon.

(vi) *Kidnapping of Mr Alvaro Gomez Hurtado and other violent incidents in Colombia*. Parliament demanded the immediate release of the former presidential candidate kidnapped on 29 May and called on the democratic political forces in Colombia and the Government to combine their efforts to restore internal peace. The House also called on the Community and the Foreign Ministers of the Twelve to consider and implement any measures that might help Colombia to put an end to the drug traffic which started there.

(vii) *Human rights in Zaire*. Parliament condemned the acts of violence of which the Zairean army had been guilty in several regions of the country and the violations of human rights suffered by members of the political opposition, and it called on the Commission, the Council and the Member States to draw the necessary conclusions in their relations with Zaire.

(viii) *Political prisoners in Malaysia*. Parliament called on the Malaysian Government to reconsider the fate of persons still

held after their arrest in the autumn of 1987 under the Internal Security Act, and urged it to desist from attempts to interfere with the independence of the judiciary. The Twelve were asked to make representations to the Malaysian Government to that effect.

(ix) *Trial of Kutlu and Sargin in Turkey*. In connection with the trial of these two persons, Parliament condemned the continuing lack of respect for human rights in Turkey. It expressed its dismay that the Turkish Government has not responded to the three earlier resolutions on the trial of Mr Kutlu and Mr Sargin<sup>4</sup> and called for the release of all persons detained for their convictions and the full restoration of the liberties currently in abeyance.

(x) *Liquidation of villages in Romania*. Parliament urged the Romanian authorities not to enforce the announced decision to raze a large number of villages and remove their population to new towns. It regretted the stance of the Romanian representatives at the Conference on Security and Cooperation in Europe (CSCE) in Vienna<sup>5</sup> and urged the Romanian authorities to put an end to the crisis with Hungary over Transylvania. The Council was asked to make representations to Bucharest and the Foreign Ministers of the Twelve to present formal observations on the resolution in accordance with the Decision of 28 February 1986.<sup>1</sup>

(xi) *Persecution of Lenko Lukyanenko*. Parliament condemned the persecution of this Ukrainian lawyer, who had set up a group to scrutinize application by the Soviet Union of the human rights provisions of the Helsinki Final Act,<sup>6</sup> and called for his immediate release.

<sup>1</sup> Bull. EC 2-1986, point 3.4.1.

<sup>2</sup> Bull. EC 6-1988, point 3.5.48.

<sup>3</sup> Bull. EC 6-1988, point 1.1.1 *et seq.* and point 3.4.1.

<sup>4</sup> OJ C 345, 21.12.1987; Bull. EC 11-1987, point 2.4.19; OJ C 49, 22.2.1988, Bull. EC 1-1988, point 2.4.15; OJ C 167, 27.6.1988; Bull. EC 5-1988, point 2.4.15.

<sup>5</sup> Bull. EC 4-1988, point 2.2.57; Bull. EC 5-1988, point 2.2.59.

<sup>6</sup> Ninth General Report, points 510 to 512.

(xii) *Mass demonstrations in the Baltic States.* Parliament called on the leadership of the Soviet Union to satisfy the demands of the Baltic peoples and of the Baltic Communist Parties to manage their own economic and cultural affairs. The House also called on the Foreign Ministers meeting in political cooperation to support these claims.

(xiii) *Situation in Soviet Armenia.* Parliament could understand the demand of the Armenian minority for reunification with the Socialist Republic of Armenia and condemned the violence against Armenian demonstrators. The House called on the Soviet authorities to study the compromise proposed from the Armenian delegates in Moscow and to ensure the safety of the Armenian population in Nagorno-Karabakh.

(xiv) *South Africa.* In one resolution Parliament, once again calling on the South African Government to release Nelson Mandela, appealed to all parties concerned to respect the restrictions already in force and to the Commission, the Council and the Member States to consider further measures if the present situation continues. The House also asked them to grant aid, in various forms, to the countries of the Southern African Development Coordination Conference, and to be ready to offer their good offices to facilitate a peaceful settlement of disputes in the region. Parliament asked the Commission, the Council and the

Member States to recognize the ANC as a representative organization, stipulating that should the Government allow free political discussion and activity it must revert to its policy of non-violent resistance. In a second resolution Parliament endorsed the resolution adopted by the Joint ACP-EEC Assembly in Lomé on 25 March<sup>1</sup> and also called on the Council to implement immediately the measures advocated in its own resolution of 10 July 1986,<sup>2</sup> as well as an embargo on certain 'sensitive' imports from South Africa. While it regretted that no firm decisions had been taken at the Hanover European Council,<sup>3</sup> Parliament was closely following recent developments in connection with the Angolan initiative for talks, and requested the Council to set up a liaison group to monitor the situation in southern Africa.

## Council

2.4.27. The Council held four meetings in July. Table 14 lists the number, place and date of each meeting, the names of the Council President and Commission representatives and the main items of business. A more detailed account of specific items can be found in the sections of the Bulletin referred to in the footnotes.

<sup>1</sup> Bull. EC 3-1988, point 2.2.68.

<sup>2</sup> OJ C 277, 8.9.1986; Bull. EC 7/8-1986, point 2.4.12.

<sup>3</sup> Bull. EC 6-1988, point 1.1.1 *et seq.* and point 3.4.1.

Table 14 — *Council meetings in July 1988*

Number, place and date of meeting	Subject	President	Commission	Main items of business
1258th Brussels 11 July	Economic and Financial Affairs	Mr Roumeliotis	Lord Cockfield Mr Schmidhuber	Second quarterly review of the economic situation in the Community <sup>1</sup> Abolition of fiscal frontiers Major holdings in a listed company: common position <sup>2</sup>

Number, place and date of meeting	Subject	President	Commission	Main items of business
1259th Brussels 18 & 19 July	Agriculture	Mr Pottakís	Mr Andriessen	Western Economic Summit Hanover European Council  Prices and related measures for 1988/89: adoption <sup>3</sup> Olive groves in Greece: joint guidelines <sup>3</sup> Agriculture areas in Valencia and Murcia (Spain): joint guidelines <sup>3</sup>
1260th Brussels 25 July	General affairs	Mr Pangalos	Mr Delors Mr Natali Mr Cheysson Mr De Clercq	Relations with Comecon and its Member States: general debate on the outlook for these relations <sup>4</sup> Follow-up to the Hanover European Council <sup>5</sup> Setting-up of a Court of First Instance: agreement <sup>5</sup> Partial renewal of the Members of the Court of Justice: agreement
1261st Brussels 26 July	Budget	Mr Papantoniou	Mr Christophersen	Budget procedure 1989: adoption of draft budget <sup>6</sup>

<sup>1</sup> Economic and monetary policy.

<sup>2</sup> Financial institutions and company law.

<sup>3</sup> Agriculture.

<sup>4</sup> Relations with other countries and regions.

<sup>5</sup> European policy and relations between the institutions.

<sup>6</sup> Financing Community activities.

## Commission

### Activities

2.4.28. On 16 July the Commission met in Corsendonk (Belgium) for a preliminary discussion with a view to preparing the report on progress towards achieving the single internal market due to be submitted for the European Council meeting in Rhodes in December.

It also discussed the social aspects of the single internal market in the light of the conclusions of the Hanover European Council.<sup>1</sup>

### *Decisions, communications and proposals*

2.4.29. The Commission adopted a communication to the Council on the future of rural society (→ point 1.2.1 *et seq.*).<sup>2</sup>

Following the Council's assent in June to the overall Regulation on the reform of the structural Funds, the Commission submitted to the Council four proposals for implementing Regulations (→ point 1.1.1 *et seq.*).

It sent to the Council a communication analysing the specific contribution the

<sup>1</sup> Bull. EC 6-1988, point 3.4.1(3).

<sup>2</sup> Supplement 3/88 — Bull. EC.

Community can make towards Europe's efforts in space (→ point 2.1.77), and also submitted a proposal concerning a pilot phase of a Community aeronautics programme (→ point 2.1.18). Lastly, it adopted a series of programme proposals concerning predictive medicine, manufacturing industry technology and advanced materials applications (Brite — Euram), the decommissioning of nuclear power stations, remote handling in hazardous and disordered nuclear environments and the rational use of energy (Joule) and statistical and forward assessments and analyses of research and technology (Monitor).

It also laid before the Council an ambitious programme to encourage innovation and the transfer of technology (Sprint) (→ point 2.1.40).

In its efforts to protect wild flora and fauna, the Commission adopted a proposal for a Directive calling for the setting-up of special protection areas designed to safeguard this vital part of Europe's heritage (→ point 2.1.120). It also tabled a proposal for a Directive on waste in general and toxic and dangerous waste in particular (→ point 2.1.118).

Under the powers conferred on it by the Council in connection with the air transport liberalization measures decided on in December 1987, the Commission adopted three Regulations on competition in this sector which represent a further stage in the extension of the competition rules in this area (→ point 2.1.53).

Lastly, the Commission finalized its opinion on the setting-up of a Court of First Instance to take some of the burden off the shoulders of the Court of Justice (→ point 2.4.15).

## Court of Justice<sup>1</sup>

### Court of First Instance

2.4.30. The Council decided on 15 July to establish a Court of First Instance of the European Communities (→ point 2.4.15).

## *Analysis of judgments delivered between 1 April and 30 June 1988*

### Powers

2.4.31. In its judgment in joined Cases 97, 99, 193 and 215/86 *Hellenic Republic and Asteris v Commission* the Court spelt out the obligations arising for an institution when the Court declares one of its acts to be void.

The Court held that in order to comply with such a judgment the institution is bound to pay regard not only to the operative part of the judgment but also to the reasoning underlying it where the latter determines its exact significance. The Court added that while the primary obligation of the institution whose act has been declared void is to eliminate the illegality established, such a finding of illegality may also involve other consequences for the institution.

In the case in point the Court had annulled the Regulation by which the Commission fixed coefficients for calculating a production aid for certain products processed from Greek tomatoes for the 1983/84 marketing year on the ground that it infringed the principle of equal treatment between Community producers.

The Court held that compliance with this decision required the Commission, as well as laying down new coefficients for the year in question, also to fix them for the three subsequent years. By refusing to replace, with effect from the date of adoption of the Regulation declared void, the provision declared illegal as it appeared in the subsequent instruments, the Commission had disregarded the obligations imposed on it by Article 176 of the EEC Treaty. This means in practice that the Commission will be obliged to make provision for an additional payment of the relevant aid for

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<sup>1</sup> For more detailed information, see the material published by the Court of Justice in the *Official Journal* and the *European Court Reports* and the publications of its Information Office (e.g. the weekly *Proceedings of the Court*).

the marketing years 1984/85, 1985/86 and 1986/87.

2.4.32. In its judgment in *Levantina Agricola Industrial and Others v Council*<sup>1</sup> the Court held inadmissible actions by two Spanish companies making isoglucose, seeking annulment of the isoglucose quotas set for Spain in Annex I to the Act of Accession,<sup>2</sup> amending on this point Council Regulation No 1785/81 on the common organization of the sugar markets.<sup>3</sup>

The applicants contended that the Court had jurisdiction under Article 173 of the Treaty to examine the lawfulness of the relevant provisions of the Act of Accession, relying for this purpose on Article 8 of the Act of Accession whereby the provisions of the Act the purpose or effect of which is to repeal or amend acts adopted by the institutions of the Communities 'shall have the same status in law as the provisions which they repeal or amend and shall be subject to the same rules as those provisions'.

The Court did not accept this argument. It held that the provisions in question, which form an integral part of the Act of Accession, do not constitute an act of the Council within the meaning of Article 173 of the EEC Treaty and are not therefore subject to review by the Court. The adaptations appearing in Annex I are the subject matter of an agreement between the Member States and the applicant State, and are thus provisions of primary legislation which, according to Article 6 of the Act of Accession and except where that Act itself provides otherwise, cannot be suspended, amended or repealed except by the procedures provided for revision of the original Treaties.

#### Review by the Court and fulfilment by the Member States of their obligations

2.4.33. In Case 226/87 *Commission v Hellenic Republic* the Court was called upon to pronounce on the lawfulness of a decision taken by the Commission under Article 90(3) of the Treaty.

In its Decision 85/276 of 24 April 1985<sup>4</sup> the Commission had declared the provisions of Article 13 of Greek Law No 1256/82 — which provide that public assets, and credits granted by public sector banks, must be insured with public sector insurance companies — incompatible with Article 90(1) in conjunction with Articles 52, 53, 5 (second paragraph) and 3(f) of the Treaty.

The Court, upholding the Commission's arguments and the Advocate General's Opinion, held that by omitting to take the necessary steps to comply with the Commission's Decision, Greece had failed to fulfil its obligations under the EEC Treaty.

In its judgment the Court rejected the Greek Government's argument that such a decision should be regarded as a mere non-binding opinion, and held that decisions taken on the basis of Article 90(3) are decisions within the meaning of Article 189 of the Treaty, binding in their entirety upon those to whom they are addressed. Consequently, Greece was obliged to comply with the Decision unless and until it had obtained from the Court of Justice either a suspension of execution or a declaration that the Decision was void. The Court also rejected the argument that a Member State could rely on the unlawfulness of a decision addressed to it as a ground of defence against an action based on failure to comply with that decision.

2.4.34. In Case 257/86 *Commission v Italy* Italy claimed that it had fulfilled the obligation to exempt from VAT, in accordance with the sixth VAT Directive,<sup>5</sup> free samples of low value imported from non-member countries by granting such exemption to the extent required by an international convention on the subject.

The Court observed that in relation to imports from States not parties to the convention Italy did not dispute the infringe-

<sup>1</sup> Joined Cases 31 and 36/86.

<sup>2</sup> OJ L 302, 15.11.1985.

<sup>3</sup> OJ L 177, 1.7.1981 (corrigendum: OJ L 193, 16.7.1981).

<sup>4</sup> OJ L 152, 11.6.1985.

<sup>5</sup> OJ L 145, 13.6.1977.

ment. It went on to hold that the fact that legislation infringing Community law had only seldom been applied was not sufficient to cause the infringement to disappear.

As regard imports from States parties to the convention, the Court held that there was a different kind of infringement: provision was indeed made for such exemption, but it was lacking in clarity and precision. The Court held that the principles of legal certainty and the protection of individuals required Member States' rules in areas covered by Community law to have an unequivocal wording which would give the persons concerned a clear and precise understanding of their rights and obligations and would enable the national courts to ensure that those rights and obligations were observed.

2.4.35. In *Deville and Another v Administration des impôts*<sup>1</sup> the Court was asked to interpret the general principles of Community law as regards the repayment of taxes incorrectly charged. The problem arose in connection with an application for repayment of the 'supervignette' charge paid for a car in France which the Court had declared in its *Humblot* judgment<sup>2</sup> to be contrary to Article 95 of the Treaty.

Following *Humblot*, a French Act of 11 July 1985 replaced this special fixed charge by a differential charge in order to comply with the Court's judgment. According to the applicant, however, the new legislation had amended the procedural rules generally in force as regards the time-limit for claiming repayment of a tax incorrectly charged. The Court held that a rule of procedure which, following a judgment by which the Court had found a tax to be unlawful, reduced the possibilities of obtaining repayment of taxes incorrectly charged, must be considered incompatible with Community law.

### Free movement of goods and customs union

2.4.36. Danish law permits the author of a cinematographic work to object to the hiring out of video cassettes without his

authorization. The United Kingdom does not recognize this right of an author: once a video cassette has been purchased it can be hired out for commercial purposes without any payment to the author. In *Warner Brothers and Another v Christiansen*<sup>3</sup> a video cassette had been purchased in the United Kingdom and hired out in Denmark. The authors brought an action before a Danish court, which asked the Court of Justice to rule on the compatibility of the Danish legislation with Articles 30 and 36 of the Treaty.

The Court ruled that Articles 30 and 36 of the Treaty do not militate against the application of national legislation enabling an author to make the hiring out of video cassettes subject to his permission when the video cassettes in question have already been put on sale with his consent in another Member State whose legislation does not permit the author to prohibit hiring out. Such legislation is liable to affect trade and is thus prohibited by Article 30, but justified under Article 36 for reasons of protection of industrial and commercial property. It is designed to ensure for all authors a satisfactory remuneration on the specific market for the hiring out of video cassettes, which is distinct from the market for their sale. The Court rejected the argument that the copyright in relation to hiring out was exhausted by the sale of the product.

### Competition

2.4.37. A French company, the exclusive licensee of production rights entitling it to produce and market in Belgium a type of cereal of which the breeder is a French seed producer, had authorized a cooperative society to propagate and sell seeds of that variety on the conditions stipulated in a standard agreement, including a prohibition on sale and export of the basic seeds and the prohibition on the sale of any type of seed below certain minimum prices.

<sup>1</sup> Case 240/87.

<sup>2</sup> Case 112/84 [1985] ECR 1367.

<sup>3</sup> Case 158/86.

The Court, which had already, in *Nun-gesser and Another v Commission*<sup>1</sup> held that the production of new basic varieties could involve substantial financial sacrifices which justified protection against any improper dealings in the varieties of seeds obtained, has now ruled, in *Jacquery v La Hesbignonne*,<sup>2</sup> that a prohibition on the sale and export of basic seeds is compatible with Article 85(1) of the Treaty to the extent to which it is necessary to enable the breeder to select the growers to whom a licence is to be granted.

As regard the observance of minimum prices, the Court recalled that an agreement falls under the prohibition in Article 85 only if it is liable appreciably to affect trade between Member States. In this connection the question of the extent to which the agreement affected trade between Member States depended on whether it formed part of a network of similar agreements concluded between the breeder and other licensees, the share of the market held by the breeder in the seeds concerned and the capacity of the producers bound by these agreements to export the seeds.

2.4.38. In *Bodson v Pompes funèbres des régions libérées*<sup>3</sup> the Court had been asked by the French Court of Cassation to examine the applicability of Articles 37, 85, 86 and 90 of the Treaty to a national system granting exclusive municipal monopolies in certain funeral services.

The Court held first that Article 37 was not applicable to this case since the fact that the licensees of a certain number of municipalities belonged to the same group of undertakings and were thus in a position to affect trade did not arise from the behaviour of the national or municipal authorities but from that of the undertakings in question.

Turning to the question of whether Article 86 was applicable to a network of municipal monopolies granted to the same group of undertakings, the Court, while reaffirming the principle that the existence of a dominant position depends upon an examination of the facts, which is a matter for the

national court, laid down various guidelines to assist the national court in its examination. Thus, the Court ruled that Article 86 would apply if the network of municipal monopolies covers a certain part of the national territory, and is granted to the same group of undertakings, whose policy on the market is determined by the parent company and which occupies a dominant position involving a situation of economic strength

(i) where, for example, the activities of the group affect the importation of goods from other Member States or the possibility for rival undertakings established in those Member States of providing services in the first-mentioned Member State, or

(ii) where the group charges unfair prices, even though the level of those prices is fixed by the general terms and conditions forming part of the conditions governing the licensing contract, the undertakings being fully responsible for the contracts they have entered into.

The Court added, however, that if the level of these prices had in fact been imposed by the municipalities on their licensees, in the sense that they would not have entrusted the 'outside service' to the undertakings if the latter did not agree to charge particularly high prices, such a practice on the part of public authorities must be regarded as a measure prohibited by Article 90(1).

The Court also ruled that Article 85 is not applicable to a licensing contract between municipalities and undertakings, and left it to the national court to determine whether the prices charged were unfair by comparison with prices charged in other municipalities.

### Free movement of persons, social provisions and free movement of capital

2.4.39. In *Bond van Adverteerders v Netherlands State*<sup>4</sup> the Court ruled that the

<sup>1</sup> Case 258/78 [1982] ECR 2015.

<sup>2</sup> Case 27/87.

<sup>3</sup> Case 30/87.

<sup>4</sup> Case 352/88.

*Kabelregeling*, a Dutch ministerial decree prohibiting the distribution by cable of radio and television programmes broadcast from other Member States which contained advertisements aimed especially at the public in the Netherlands, or subtitles in Dutch, was incompatible with Community law.

The Dutch broadcasting system reserves the right to transmit advertising on the two national chains exclusively to STER (the National Broadcast Advertising Foundation). The revenues of STER are paid over to the State, which uses them to subsidize the approved broadcasting organizations. The effect of the *Kabelregeling* is that STER effectively has a monopoly of broadcast advertising in the Netherlands and that the market for such advertising is closed to the other Member States.

According to the Court, the broadcasting from other Member States of televised programmes including such messages is in the nature of a cross-frontier service falling within the scope of Articles 59 and 60 of the Treaty. Consequently, the prohibition on advertising and subtitling constitutes a discrimination contrary to the freedom to provide services prescribed by Article 59. In particular, it prevents the operators of cable networks established in a Member State from transmitting televised programmes broadcast from other Member States. The Court also rejected the argument that such a discrimination could be justified on grounds of public policy (Article 56 of the Treaty).

2.4.40. In *Berg and Another v Besselsen and Others*<sup>1</sup> the Court, confirming its consistent decisions, held that the transfer of an undertaking as a result of a legal transfer, as mentioned in Article 1(1) of Council Directive 77/187,<sup>2</sup> includes the case where the purchaser of a business acquires the business by virtue of a lease-purchase agreement, notwithstanding that such a purchaser does not acquire the property in the business until the full purchase price is paid.

In reply to a question about the dissolution of such a lease-purchase agreement by

judicial decision, the Court held that the above considerations apply also where the business is retransferred to its former owner without any need to consider whether the dissolution arises from an agreement between the contracting parties, a unilateral declaration by one of those parties, or a judicial decision.

As regards the need for consent on the part of an employee and/or the possibility of his objecting to the transfer, the Court ruled that it is sufficient to hold that the rules applicable in the case of transfer of an undertaking or a business to a new owner are intended to safeguard, in the interest of employees, the existing employment relationships which form part of the whole economic entity transferred. The Court thus confirmed that Article 3(1) of Directive 77/187 must be interpreted as meaning that after the date of transfer and by virtue of the transfer alone the transferor is free from all obligations arising under the contract or the employment relationship, even if the workers employed in the undertaking do not consent or if they object, subject however to the power of the Member States to provide for joint liability of the transferor and the transferee after the date of the transfer.

2.4.41. In *Bork v Foreningen af Arbejdsledere*<sup>3</sup> the question was whether Council Directive 77/187<sup>2</sup> was applicable when the undertaking was at the moment of transfer temporarily closed and had no employees. Although under Article 3 of the Directive the benefit of the Directive can be invoked only by employees whose contract or employment relationship is subsisting at the date of the transfer, the Court held that if an undertaking has terminated the employment relationship with its workers with effect from a date prior to that of the transfer, thus infringing Article 4 of the Directive, those workers must be considered as still employed by the undertaking at the date of the transfer.

<sup>1</sup> Joined Cases 144 and 145/87.

<sup>2</sup> OJ L 61, 5.3.1977.

<sup>3</sup> Case 101/87.



The Court pointed out that while the question whether an employment relationship existed at the date of the transfer fell to be determined under national law, this must be done with due regard to the mandatory rules of the Directive concerning the protection of workers against dismissal by reason of the transfer. To determine whether the dismissal had been based on the mere fact of the transfer, the national court had to take into account the objective circumstances in which the workers had been dismissed and particularly, in the present case, the fact that the dismissal had taken effect at a date close to that of the transfer and the workers had been re-engaged by the transferee.

2.4.42. In *Lair v University of Hanover*<sup>1</sup> the Court was asked whether workers from another Member State can claim equal treatment with nationals in the conditions of access to financial assistance intended to cover the maintenance of students during their studies, as distinct from registration and tuition fees or grants intended to cover such fees.

The plaintiff in the main action contended that the requirement imposed on workers from another Member State to show that they had been employed for a minimum period in the territory of the host State was a discrimination contrary to Community law.

The Court ruled that while maintenance grants are 'social advantages' within the meaning of Article 7(2) of Regulation No 1612/68<sup>2</sup> the equality of treatment prescribed by that Regulation is limited to unemployed Community workers seeking to retrain in order to acquire a new occupational qualification, or those who have freely left their work in the host State in order to devote themselves to full-time studies, provided these are linked with the previous work.

The Court concluded that in the present state of Community law Article 7 of the Treaty, in conjunction with Article 128, prescribes equality of treatment between

national students and those from other Member States only in relation to registration and tuition fees or grants intended to cover such fees, and that those provisions cannot apply to maintenance grants.

Another ruling given on the same day, in *Brown v Secretary of State for Scotland*,<sup>3</sup> differs from the one just mentioned by reason of the very special factual situation giving rise to the main action. Mr Brown had worked for eight months as a paid pre-university trainee with a commercial company, working in the same field as the university studies he was intending to undertake. The Court ruled that such a person was in effect a worker but that he could not claim the rights attaching to that status since the work he was performing was merely subsidiary to the studies he was intending to pursue.

## Taxation

2.4.43. The Court has now given judgment in Case 415/85 *Commission v Ireland* and Case 416/85 *Commission v United Kingdom*, concerning the application of zero rating for VAT.

The Commission considered the system of zero rating compatible with the sixth VAT Directive (Council Directive 77/388),<sup>4</sup> but the point in dispute was to what extent certain zero rates fulfilled the criteria adopted, namely the existence of 'clearly defined social reasons ... for the benefit of the final consumer'.

As regards the expression 'social reasons', the Court upheld the contention of the two defendant States that the determination of such reasons is in principle a matter of political choice for the Member States. The Court pointed out that this determination can be subject to review at Community level only in so far as, by distorting that concept,

<sup>1</sup> Case 39/86.

<sup>2</sup> OJ L 257, 19.10.1968 (corrigendum: OJ L 295, 7.12.1968).

<sup>3</sup> Case 197/86.

<sup>4</sup> OJ L 145, 13.6.1977 (corrigendum: OJ L 149, 17.6.1977).

it leads to measures which because of their effects and their true objectives lie outside its scope.

However, the Court accepted the Commission's contention that 'final consumer' means a person who acquires goods or services for his personal use, as opposed to an economic activity. In line with the Commission's suggestions, the Court extended this definition to the provision of goods or services at a stage higher in the production or distribution chain, i.e. to industrial users, provided that they are sufficiently close to the consumer for the latter to benefit from the advantages granted.

### Equality between women and men

2.4.44. In Case 318/86 *Commission v France* the Court gave a ruling on the lawfulness, in relation to Council Directive 76/207 on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion and working conditions,<sup>1</sup> of the French system of separate recruitment according to sex for appointment to the five active corps of the national police (superintendents, captains and officers, inspectors, investigators and police constables). The defendant Member State contended that the requirements of the maintenance of order, and consequently the need to resort to physical force, was incompatible with large-scale recruitment of women to the police force.

The Court emphasized that the derogation from the principle of equality as set out in Article 2(2) of the Directive could apply only to specific activities and that there must be a certain degree of transparency enabling the Commission effectively to exercise supervision.

The Court found that this transparency did not exist in the present case: the system of separate recruitment entailed the fixing in each notice of competition of the percentage of posts to be allocated to men and to women, and that percentage was not governed by any objective criteria laid down in

legislation or by regulation. Thus this system did not permit either the Commission or the national courts or the persons concerned to verify whether the separate recruitment percentages adopted corresponded in fact to specific activities within the meaning of Article 2(2) of the Directive. Consequently, the Court held that the system of separate recruitment according to sex for access to all corps of the national police force was contrary to the requirements of the Directive.

### Common agricultural policy and fisheries

2.4.45. The additional levy on milk, introduced for a period of five years by Council Regulation No 856/84,<sup>2</sup> for which the implementing rules were laid down by Council Regulation No 857/84,<sup>2</sup> is charged on the quantities of milk delivered which exceed a reference quantity. The latter is determined by the Member State concerned by reference to the quantities of milk delivered or purchased during the reference year fixed within the period 1981/83.

In two cases concerned with the lawfulness of the Council's implementing regulation, *Mulder v Minister van Landbouw en Visserij* and *von Deetzen v Hauptzollamt Hamburg-Jonas*,<sup>3</sup> the Court declared the Regulation void in so far as it did not provide for the allocation of a reference quantity to the category of producers who had not delivered any milk during the reference year in compliance with their commitments under the system of premiums for withholding milk from the market, introduced by Council Regulation No 1078/77.<sup>4</sup>

The Court based its conclusion on the fact that the total and permanent exclusion from the allocation of a reference quantity, resulting from the combined effect of the premium for withholding milk from the market and of the additional levy on milk, was not foreseeable for the producers concerned and

<sup>1</sup> OJ L 39, 14.2.1976.

<sup>2</sup> OJ L 90, 1.4.1984.

<sup>3</sup> Case 120/86 and Case 170/86.

<sup>4</sup> OJ L 131, 26.5.1977.

violated the principle of legitimate expectations.

2.4.46. In *van Landschoot v Mera*<sup>1</sup> the Court held that the object of the co-responsibility levy introduced in the cereals sector — to limit the structural surpluses of cereals on the market — justifies exempting cereals which, instead of being placed on the market, are used by the producer for his own needs. It is therefore permissible to treat industrial processors and processors on farms differently, since as a rule the former carry out the processing for purposes of sale on the market.

This objective, however, does not justify the refusal to exempt arrangements under which the industrial processor delivers the processed products to the producer, who then utilizes them on his own holding and thus does not place them on the market. This refusal results in a two-fold discrimination, against industrial processors and against cereal producers, particularly when the holdings involved are small ones which cannot finance their own processing installations.

The Court concluded that it is for the Community legislature to take the appropriate steps to ensure equality between operators in relation to the exemptions in dispute. It pointed out that, pending the adoption of such rules, the competent authorities must continue to apply the exemption in question, extending the benefit of it to operators who had been subjected to the discrimination.

## ECSC

2.4.47. In *ISA and Others v Commission*<sup>2</sup> the Court partially annulled Commission Decision No 3746/86/ECSC<sup>3</sup> on the ground of misuse of powers.

Under the ECSC Treaty, if the Commission considers it necessary to introduce a quota system for one or more categories of products by reason of the 'manifest crisis' in the steel industry, it may do so only 'with the assent of the Council' (Article 58(1) of the Treaty). On the other hand, it may bring

this system to an end on its own authority unless the Council unanimously decides otherwise (Article 58(3)).

In a communication containing proposals on the continuation of the progressive liberalization of the quota system from 1 January 1987, presented to the Council on 2 October 1986, the Commission had asked the Council to assent to the liberalization of categories IV (wire rod) and VI (rolled products), Ic (galvanized sheet) and part of category III (heavy structural sections). Having received assent only for the liberalization of the products in category Ic, it had excluded only that category from the quota system with effect from 1 January 1987.

It was this decision that formed the subject of the action brought by, *inter alios*, the Italian association of steel firms (ISA), which argued that by using the procedure in Article 58(1) instead of that in Article 58(3), the Commission had misused its powers. The Court upheld this contention, finding that the Commission was obliged to use the more flexible procedure of Article 58(3) to bring an end to the quota system, particularly for categories IV and VI from 1 January 1987, if it was of the opinion that there was no longer a manifest crisis. The Court stressed that the partial termination of the quota system proposed by the Commission on 2 October 1986 contributed to the progressive restoration of normal conditions of competition, an objective the Commission had a duty to achieve under Articles 5 and 8 of the Treaty.

## Institutional and budgetary questions

2.4.48. The applicants in *CIDA v Council*<sup>4</sup> challenged the decision whereby the Council had appointed the members of the Economic and Social Committee (ESC), on the ground that the composition of that institution did not take account of the need to ensure adequate representation

<sup>1</sup> Case 300/86.

<sup>2</sup> Joined Cases 32, 52 and 57/87.

<sup>3</sup> OJ L 348, 10.12.1986.

<sup>4</sup> Case 297/86.

of the various categories of economic and social activity (Article 195 of the EEC Treaty). The Court rejected the argument that the representation within the ESC had to be guaranteed both at European and at national level.

The Court pointed out that the function of the ESC was to assist the Council and the Commission (Article 4(2) of the Treaty), so that their adequate representation referred to in Article 195 had to be ensured at Community level. It went on to point out that in this connection the Council enjoyed a

wide measure of discretion, and held, first, that company directors and managers did not constitute a category under Article 195 of the Treaty whose representation within the ESC was essential and, second, that directors and managers were already represented by a member of the Confédération générale des cadres français. Finally, it held that in view of the limited number of seats available it was out of the question that all the elements from every category of economic and social activity could be represented by nationals from each of the Member States.

#### 2.4.49. New cases

Case	Subject	Basis
<b>State aid</b>		
180/88 — <i>Wirtschaftsvereinigung Eisen- und Stahlindustrie v Commission</i> <sup>1</sup>	Annulment of the Commission's letter of 26 May 1988 refusing to adopt appropriate measures in respect of allegedly disproportionate aid granted to the British Steel Corporation	Article 33 ECSC
<b>Free movement of goods</b>		
195/88 — <i>Shrewsbury and Arham Borough Council v B &amp; Q</i> <sup>2</sup>	Interpretation of Articles 30 to 36 with reference to Sunday trading	Article 177 EEC
212/88 — <i>Levy and Bazini v Ministère public</i> <sup>3</sup>	Do the requirements of the French legislation and rules concerning the importation into France of textile goods coming from non-member countries and in free circulation in one of the Member States which, on the one hand, oblige importers of such goods in France to obtain an import licence in advance and, on the other hand, define the statements which, subject to the penalties provided for in Article 414 of the French Customs Code, must be included in declarations in respect of imports into France, constitute quantitative restrictions prohibited by Article 30 of the EEC Treaty by virtue of the general principles of Community law as they stand at present?	Article 177 EEC
<b>Customs union</b>		
161/88 — <i>Friedrich Binder v HZA Bad Reichenhall</i>	Validity of the Commission Decision of 5 November 1985 on the post-clearance recovery of import duties on frozen morello cherries	Article 177 EEC

Case	Subject	Basis
170/88 — Ford España v Spanish State <sup>4</sup>	Must a surcharge of 50 % of the amount of the now defunct supplementary customs charges which the Spanish administration continues to levy upon importers of goods where customs clearance is carried out on premises or at places not open to the public be regarded as a charge having equivalent effect prohibited by Articles 9, 13 and 16 of the EEC Treaty, in conjunction with Article 35 of the Act of Accession of Spain and Portugal to the European Economic Community?	Article 177 EEC
219/88 — Malt v HZA Düsseldorf <sup>5</sup>	Must charges for certificates of authenticity be included in the customs value of imported meat?	Article 177 EEC
230/88 — Parma Handelsgesellschaft v Commission <sup>6</sup>	Annulment of the Commission Decision of 28 July 1987 on the post-clearance recovery of import duties on morello cherries	Article 173 EEC
<b>Internal market</b>		
150/88 — Eau de Cologne & Parfümerie-Fabrik Glockengasse No 4711 gegenüber der Pferdepost von Ferd. Mülhens v Provide <sup>7</sup>	1. Is Section 8(1)(d) of Italian Act No 713 of 11 October 1986 compatible with Article 6(2) of Council Directive 76/768/EEC and Article 30 of the EEC Treaty inasmuch as it requires an 'indication of the quality and quantity of the substances' whose presence is indicated on the packaging, in advertisements, or in the product's name? 2. Is Section 8(1)(a) of Italian Act No 713, as construed in the Italian Minister for Health's Circular of 2 February 1987, No 3, compatible with Article 6(1) of Council Directive 76/768/EEC and Article 30 of the EEC Treaty inasmuch as even in the case of products of a manufacturer established in the Community which are imported into Italy 'the name of the Italian undertaking responsible for marketing' must be given on the packaging, containers or labels?	Article 177 EEC
<b>Taxation</b>		
165/88 — ORO Amsterdam Beheer and Concerto v Inspecteur der Omzetbelasting, Amsterdam <sup>8</sup>	In the absence of a directive governing the situation where a second-hand article, already taxed, re-enters the commercial circuit and VAT is collected at the full rate, with no account being taken of the residual tax included in the purchase price, is such double taxation compatible with Community law?	Article 177 EEC
173/88 — Skatteministeriet v Henriksen <sup>4</sup>	1. Should Article 13(B)(b) of Council Directive 77/388/EEC on the harmonization of the laws of the Member States relating to turnover	Article 177 EEC

Case	Subject	Basis
	<p>taxes (the sixth VAT Directive) be understood as meaning that tax liability on the letting of 'premises and sites for parking vehicles' also encompasses the letting of garages of the type in question in the case?</p> <p>2. If the above question is answered in the affirmative, is the said Article to be interpreted as meaning that the Member States are under a duty to subject the letting of garages of the type in question in the case to tax?</p>	
<b>Competition</b>		
202/88 — France v Commission <sup>9</sup>	Annulment of Articles 2, 6 and 7 and (in so far as it refers to those Articles) Article 9 of Commission Directive 88/301/EEC on competition in the markets in telecommunications terminal equipment	Article 173 EEC
227/88 — Hoechst v Commission <sup>10</sup>	Annulment of the Commission Decision of 26 May 1988 definitively fixing the amount of a periodic penalty payment under Article 16 of Council Regulation No 17 (IV/31.865 — PVC and IV/31.866 — polyethylene Hoechst AG)	Article 173 EEC
<b>Social policy</b>		
171/88 — Rinner-Kühn v FWW Spezial-Gebäudereinigung <sup>4</sup>	Are legislative provisions which derogate from the principle that an employer must continue to pay an employee during illness in the case of employed workers whose regular period of work does not exceed 10 hours a week or 45 hours a month compatible with Article 119 of the EEC Treaty and with Council Directive 75/117/EEC, even though the proportion of women adversely affected by that derogation is considerably greater than that of men?	Article 177 EEC
177/88 — Dekker v VJV-centrum Plus <sup>11</sup>	1. Is an employer directly or indirectly in breach of the principle of equal treatment laid down in Articles 2(1) and 3(1) of Council Directive 76/207/EEC on the implementation of the principle of equal treatment for men and women as regards access to employment, vocational training and promotion, and working conditions if he refuses to enter into a contract of employment with a candidate found by him to be suitable because he anticipates that the fact that the candidate was pregnant when she applied for the post, in conjunction with an official rule concerning unfitness for work, in which inability to work on account of illness is assimilated to inability to work in connection with pregnancy and confinement, will have adverse consequences for him?	Article 177 EEC

Case	Subject	Basis
	<p>2. Does it make any difference if there were no male candidates?</p> <p>3. Is it compatible with Articles 2 and 3:</p> <p>(a) that, if a breach of the principle that the rejected candidate must be accorded equal treatment is established, fault on the part of the employer is also required before a claim based on that breach such as the present can be upheld; or</p> <p>(b) that, if such a breach is established, the employer for his part can still plead justification, even if none of the cases provided for in Article 2(2) to (4) applies?</p> <p>4. If fault as referred to in 3 above may be required or justification may be pleaded, is it sufficient for purposes of establishing absence of fault or justification that the employer runs the risks referred to in the summary of the facts, or must Articles 2 and 3 be interpreted as meaning that he must bear those risks, except in the situation in which he is entirely certain that the daily benefit for inability to work will be refused on account of unfitness for work or that posts will be lost, and he has done everything possible to prevent that from happening?</p>	
179/88 — Handels- og Kontorfunktionærernes Forbund i Danmark, acting as agent for Hertz v Dansk Arbejdsgiverforening, acting as agent for Aldi Marked <sup>12</sup>	<p>1. Do the provisions of Article 5(1), in conjunction with Article 2(1), of Council Directive 76/207/EEC encompass dismissal as a consequence of absence due to illness which is caused by pregnancy or confinement</p> <p>If the answer to the first question is in the affirmative, a reply is requested to the following question:</p> <p>2. Is protection against dismissal as a consequence of illness caused by pregnancy or confinement unlimited in time?</p>	Article 177 EEC
<b>Social security</b>		
168/88 — Dammer v Securex Kinderbijslagfonds and Rijksdienst voor Kinderbijslag der Werknemers	Seeking payment of a birth grant and family benefits in respect of a child	Article 177 EEC
<b>Freedom of movement for workers</b>		
175/88 — Biehl v Administration des Contributions <sup>13</sup>	Does Article 7 of the EEC Treaty or any other provision of Community law, in particular	Article 177 EEC

Case	Subject	Basis
199/88 — Cabras v Institut National d'Assurance Maladie-Invalidité <sup>14</sup>	Article 48 of the said Treaty guaranteeing freedom of movement for workers, prohibit a Member State from providing in its tax legislation that sums deducted by way of tax from the salaries and wages of employed persons who are nationals of a Member State and resident taxpayers during part of the year simply because they take up residence in the country or leave it during the course of the tax year are to remain the property of the Treasury and are not to be subject to repayment?	Article 177 EEC
<b>Agriculture</b>		
143/88 — Zuckerfabrik Süderdithmarschen v HZA Itzehoe <sup>15</sup>	1. (a) Is the second paragraph of Article 189 of the EEC Treaty to be interpreted as meaning that the general application of regulations in Member States does not preclude the powers of national courts to suspend, by way of an interim measure, the operation of an administrative measure based on a regulation until a decision is reached in the main action?  (b) If so: under what conditions may national courts adopt interim measures? Is there an applicable criterion of Community law and if so which? Or do interim measures depend on national law?  2. Is Council Regulation No 1914/87 introducing a special elimination levy in the sugar sector for the 1986/87 marketing year valid? In particular is it invalid because it infringes the principle that regulations imposing taxation must not be retroactive?	Article 177 EEC
174/88 — R. v Dairy Produce Quota Tribunal for England and Wales, <i>ex parte</i> Hall & Sons (Dairy Farmers) <sup>13</sup>	Is the reference quantity to be assigned to a producer of milk and milk products in accordance with the provisions of Council Regulations Nos 856/84 and 857/84 to be calculated by reference to all the direct sales made by the producer in the relevant calendar year or else by reference only to the direct sales made by him during that period out of milk produced by himself?	Article 177 EEC
181 and 182/88 — Deschamps and GAEC des Champs-Fleuris v Ofival <sup>13</sup>	Validity of certain provisions of Council Regulation No 1837/80 on the common organization of the market in sheepmeat and goatmeat and Council Regulation No 871/84 amending for the fourth time Regulation No 1837/80 and	Article 177 EEC



Case	Subject	Basis
196 to 198/88 — Cornée and Others v Copall and Another <sup>9</sup>	<p>amending Regulation No 950/68 on the Common Customs tariff</p> <p>1. Does Article 3 of Regulation No 857/84 allow a Member State to allocate a fixed quota to all holders of current development plans without regard to the targets in each plan, and to choose 1983 as the only reference year without providing for any exemptions in the case of producers holding a plan completed in 1981 and 1982?</p> <p>2. Does Article 40(3) of the EEC Treaty preclude the authorities from establishing an order of priority in the allocation of supplementary reference quantities by reference to the quantities released within each undertaking, where the benefit granted depends on the quantities available to the purchaser?</p> <p>3. When the national authorities adopted in particular a ministerial order limiting the possible increase for the marketing year 1985/86 to 1% of the previous marketing year did they infringe the principle of protection of legitimate expectations, inasmuch as holders of development plans were entitled to rely on the stability of commitments which they had previously entered into in order to allow them to increase the productivity of their farm?</p>	Article 177 EEC
203/88 — Greece v Council <sup>10</sup>	Annulment of Council Directive 88/288/EEC amending Directive 64/433/EEC on health problems affecting intra-Community trade in fresh meat	Article 173 EEC
204/88 — Ministère public v Jean-Jacques Paris <sup>16</sup>	Interpretation of Article 15 of Council Regulation No 2772/75 on marketing standards for eggs	Article 177 EEC
214/88 — Amministrazione delle Finanze dello Stato v Politi <sup>3</sup>	Were there at the material time any provisions of Community law constituting a derogation from the prohibition of the imposition of health inspection charges on the importation of pig-meat from non-member countries?	Article 177 EEC
215/88 — CASA Fleischhandels-gesellschaft v Bundesanstalt für landwirtschaftliche Marktordnung <sup>16</sup>	Interpretation of the words 'quantity placed in store' and of the maximum period of storage with reference to private storage aid for beef and veal	Article 177 EEC
218/88 — GAEC Lambert v Ofival <sup>5</sup>	Are Articles 5 and 9 of Regulation No 1837/80, as amended by Regulation No 871/84, contrary to the principles of non-discrimination between producers and the free movement of goods laid down in the second subparagraph of Article 40(3), Article 3 and Article 30 of the EEC Treaty, in so far as they provide for two systems of compensation for loss of income	Article 177 EEC

Case	Subject	Basis
229/88 — Cargill and Others v Commission <sup>17</sup>	and afford the possibility of a choice between them to one Member State alone?  Annulment of Commission Regulation No 1587/88 suspending advance fixing for the subsidy for colza, rape and sunflower seed	Article 173 EEC
<b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b>		
220/88 — Dumez Bâtiment and Tracoba v Hessische Landesbank and Others <sup>3</sup>	Is the rule on jurisdiction which allows the plaintiff, under Article 5(3) of the Convention, to choose between the court for the place of the event giving rise to damage and the court for the place where that damage occurs to be extended to cases in which the damage alleged is merely the consequence of the harm suffered by persons who were the immediate victims of damage occurring at a different place, thereby enabling the indirect victim to bring proceedings before the court of the State in which he is domiciled?	Article 177 EEC
<b>Commercial policy</b>		
188/88 — NMB (Deutschland) and Others v Commission <sup>12</sup>	Annulment of Commission Decisions 88/327/EEC, 88/328/EEC and 88/329/EEC concerning applications for refund of anti-dumping duties collected on certain imports of certain ball-bearings originating in Singapore	Article 173 EEC
189/88 — Cartorobica v Ministero delle Finanze dello Stato <sup>18</sup>	1. Is Council Regulation No 551/83 valid in view of the fact that it does not permit the customs authorities of the Member States to determine anti-dumping duties directly, by means of an automatic calculation unaffected by currency fluctuations, but refers instead to a single, definitive threshold price which is not envisaged as a method of calculation either by Council Regulation No 3017/79 (in particular Article 2(9) under Heading D and Article 2(13) under Heading F) or by the Agreement on interpretation of Article VI of the GATT (Article 2(6))?  2. Is Council Regulation No 551/83 valid inasmuch as it states the threshold price, by reference to which the anti-dumping duty is determined, in United States dollars rather than in ecus, thereby introducing as a point of reference a currency whose fluctuations could not be controlled by the Community institutions?  3. If the Regulation is held to be valid, is it to be interpreted as meaning that the value,	Article 173 EEC

Case	Subject	Basis
191/88 and 191/88R — Co-Frutta v Commission <sup>14</sup>	expressed in the various national currencies, of the threshold price of USD 333 to which reference must be made for determining the anti-dumping duty must not, as a result of currency fluctuations, vary from the level (expressed in a national currency) as ascertained at the time when that threshold price was introduced?  1. Annulment of the Commission Decision of 30 June 1988 authorizing Italy not to apply Community treatment to bananas in free circulation in other Member States during the period from 1 July 1988 to 30 June 1989  2. Application for interim measures suspending the operation of the Decision	Article 173 EEC
<b>Environment</b>		
206/88 — Criminal proceedings against Vessoso <sup>19</sup>	Are Article 1 of Council Directive 75/442/EEC and Article 1 of Council Directive 78/319/EEC to be interpreted as meaning that the legal concept of waste must also cover things which the holder has disposed of but which can be the subject of economic reutilization, and that the term 'waste' presupposes the establishment of <i>animus dereliquendi</i> on the part of the holder of the substance or object?	Article 177 EEC
207/88 — Criminal proceedings against Zanetti <sup>19</sup>	Are Article 1 of Council Directive 75/442/EEC and Article 1 of Council Directive 78/319/EEC to be interpreted as meaning that the legal concept of waste must also cover things which the holder has disposed of but which can be the subject of economic reutilization, and that the term 'waste' presupposes the establishment of <i>animus dereliquendi</i> on the part of the holder of the substance or object?	Article 177 EEC
<b>Places of work</b>		
213/88 — Luxembourg v Parliament <sup>19</sup>	Annulment of the decision of the Bureau of the European Parliament of 1 and 2 June 1988 entitled 'services d'information et des relations publiques à Bruxelles' (Informations and Public Relations Departments in Brussels), and the Bureau's decision of 15 June 1988 entitled 'note relative aux prévisions à moyen terme pour les activités du Parlement européen dans les trois lieux de travail habituels' (Memorandum on medium-term plans for the operations of the European Parliament at its three usual places of work)	Article 173 EEC

Case	Subject	Basis
<b>Staff</b>		
183/88 — Sadini v Commission <sup>9</sup>	Refusal by the Commission to pay double the rate of daily subsistence allowance for missions; delay in paying the allowance	Article 173 EEC
<b>Infringements</b>		
185/88 — Commission v Belgium <sup>20</sup>	Seeking a declaration that by maintaining unchanged the wording of Section 51 of the Act of 17 July 1963 on social security overseas which, in breach of Article 7 of the EEC Treaty and Article 3(1) of Regulation No 1408/71, fails to extend to all the nationals of a Member State other than Belgium the benefit provided for in Chapter VI of that Act, consisting in the adjustment in accordance with the cost of living of various social security benefits which are provided for by that Act and to which they may be entitled, Belgium has failed to fulfil its obligations under Article 7 of the EEC Treaty and Article 3(1) of Regulation No 1408/71	Article 169 EEC
186/88 — Commission v Germany <sup>20</sup>	Seeking a declaration that, by carrying out systematic identity checks on goods, the Federal Republic of Germany has failed to fulfil its obligations under Article 30 of the EEC Treaty and under Council Regulation No 2777/75 on the common organization of the market in poultrymeat, Council Directive 71/118/EEC on health problems affecting trade in fresh poultrymeat, and Council Directive 83/643/EEC on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States	Article 169 EEC
194/88 and 194/88R — Commission v Italy <sup>2</sup>	1. Infringement of Council Directive 71/305/EEC concerning the coordination of procedures for the award of public works contracts: the awarding authority failed to publish a notice concerning the award of a public works contract in the <i>Official Journal of the European Communities</i> 2. Application for interim measures suspending the award	Article 169 EEC Article 186 EEC and Article 83 of the Rules of Procedure
200/88 — Commission v Greece <sup>9</sup>	Seeking a declaration that by failing to provide within the prescribed period certain information in the fisheries sector Greece has failed to fulfil its obligations under Articles 11(1) and (3), 15(2) and 21(3) of Council Regulation No 3796/81, Article 2 of Council Regulation No 3191/82 and Articles 1 to 3 of Commission Regulation No 3598/83	Article 169 EEC

Case	Subject	Basis
205/88 — Commission v Greece <sup>3</sup>	Seeking a declaration that by intervening in the setting of prices for olive oil on the domestic market Greece has failed to fulfil its obligations under Regulation No 136/66 on the establishment of a common organization of the market in oils and fats and under Article 30 of the EEC Treaty, which constitutes an indispensable element of the common organization of the market	Article 169 EEC
208/88 — Commission v Denmark <sup>16</sup>	Limitation of travellers' duty-free allowance for beer to 10 litres	Article 169 EEC
209/88 — Commission v Italy <sup>3</sup>	Infringement of Council Regulation No 3796/81 and Commission Regulations Nos 3191/82, 3598/83 and 1501/83	Article 169 EEC
210/88 — Commission v Italy <sup>17</sup>	Infringement of Article 30 of the EEC Treaty and of Articles 3, 11(2) and 14 of Council Directive 79/112/EEC on the labelling, presentation and advertising of foodstuffs for sale to the ultimate consumer	Article 169 EEC
216/88 — Commission v Greece <sup>6</sup>	Seeking a declaration that by failing to adopt the measures necessary to comply with Council Directive 77/536/EEC on the roll-over protection structures of wheeled agricultural or forestry tractors and by failing to inform the Commission, as required by Article 12(1) and (2) of the Directive, of the adoption of such measures Greece has failed to fulfil its obligations under the EEC Treaty, the Act of Accession and the said Directive	Article 169 EEC
217/88 — Commission v Federal Republic of Germany <sup>5</sup>	Failure to fulfil obligations under Article 5 of the EEC Treaty and Article 79(1) of Council Regulation No 822/87: Germany refuses to enforce measures for compulsory distillation by national coercive measures for the 1984/85 marketing year	Article 169 EEC
222/88 — Commission v Ireland <sup>5</sup>	Failure to adopt all the measures necessary to comply with Council Directive 85/210/EEC on the lead content of petrol	Article 169 EEC
223/88 — Commission v Ireland <sup>5</sup>	Failure to adopt within the time laid down the national measures implementing Council Directive 82/605/EEC on the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work (first individual Directive within the meaning of Article 8 of Directive 80/1107/EEC)	Article 169 EEC
226/88 — Commission v Luxembourg <sup>10</sup>	Failure to give notice of national measures implementing the Directives on permissible sound power levels (Council Directives 84/533/EEC and 85/406/EEC (compressors), 84/534/EEC (tower cranes), 84/535/EEC and 85/407/EEC (welding generators), 84/536/EEC and	Article 169 EEC

Case	Subject	Basis
236/88 — Commission v France <sup>21</sup>	85/408/EEC (power generators), 84/537/EEC and 85/409/EEC (concrete-breakers and picks)  Seeking a declaration that, by refusing to grant, or to continue granting, the additional allowance of the Fonds national de solidarité (National Solidarity Fund), to recipients of a French invalidity, old-age or survivor's pension who reside in, or who transfer their residence to, another Member State of the Community, France has failed to fulfil its obligations under the EEC Treaty	Article 169 EEC
238/88 — Commission v Ireland <sup>21</sup>	Failure to adopt within the period prescribed national measures implementing the Directives on permissible sound power levels (Council Directives 84/533/EEC and 85/406/EEC (compressors), 84/534/EEC (tower cranes), 84/535/EEC and 85/407/EEC (welding generators), 84/536/EEC and 85/408/EEC (power generators), 84/537/EEC and 85/409/EEC (powered hand-held concrete-breakers and picks))	Article 169 EEC
239/88 — Commission v Ireland <sup>21</sup>	Failure to adopt within the period prescribed national measures implementing Council Directive 86/562/EEC on the rear-view mirrors of motor vehicles	Article 169 EEC
224/88 — Commission v Luxembourg <sup>6</sup>	Failure to adopt within the period prescribed the measures necessary to comply with Council Directive 82/605/EEC on the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work	Article 169 EEC
225/88 — Commission v Belgium <sup>6</sup>	Failure to adopt within the period prescribed the measures necessary to comply with Council Directive 82/605/EEC on the protection of workers from the risks related to exposure to metallic lead and its ionic compounds at work	Article 169 EEC
240/88 — Commission v Ireland <sup>21</sup>	Failure to adopt within the period prescribed the measures necessary to comply with Council Directive 85/326/EEC amending Directive 71/118/EEC on health problems affecting trade in fresh poultrymeat	Article 169 EEC
<b>Protocol on the Privileges and Immunities of the European Communities</b>		
2/88 Imm. — Criminal proceedings against Zwartveld and Others <sup>10</sup>	The furnishing of official documents concerning fisheries and the examination as witnesses of Commission officials in national criminal proceedings	

## Disputes between the Community and its staff

### v Commission:

163/88 — Contogeorgis — Annulment of the Commission's decision not to defray the applicant's sickness expenses

169/88 — Prelle<sup>1</sup>

184/88 — Hochbaum<sup>1</sup>

192/88 — Turner

201/88 — Atala-Palmerini<sup>2</sup>

237/88 — Quill

### v Parliament:

176/88 — Hanning<sup>13</sup>

178/88 — Starquit<sup>13</sup>

190/88 — Perissinotto<sup>12</sup>

211/88 — Schwedler<sup>5</sup>

231/88 — Yorck von Wartenburg<sup>10</sup>

### v Court of Justice:

187/88 — Marcopoulos<sup>1</sup>

<sup>1</sup> OJ C 202, 3.8.1988.

<sup>2</sup> OJ C 213, 13.8.1988.

<sup>3</sup> OJ C 226, 1.9.1988.

<sup>4</sup> OJ C 193, 22.7.1988.

<sup>5</sup> OJ C 223, 27.8.1988.

<sup>6</sup> OJ C 230, 6.9.1988.

<sup>7</sup> OJ C 169, 28.6.1988.

<sup>8</sup> OJ C 184, 14.7.1988.

<sup>9</sup> OJ C 216, 18.8.1988.

<sup>10</sup> OJ C 232, 8.9.1988.

<sup>11</sup> OJ C 211, 11.8.1988.

<sup>12</sup> OJ C 205, 6.8.1988.

<sup>13</sup> OJ C 199, 29.7.1988.

<sup>14</sup> OJ C 215, 17.8.1988.

<sup>15</sup> OJ C 165, 24.6.1988.

<sup>16</sup> OJ C 222, 26.8.1988.

<sup>17</sup> OJ C 234, 10.9.1988.

<sup>18</sup> OJ C 210, 10.8.1988.

<sup>19</sup> OJ C 224, 30.8.1988.

<sup>20</sup> OJ C 201, 2.8.1988.

<sup>21</sup> OJ C 264, 11.10.1988.

## 2.4.50. Judgments

Date and Case	Held
<b>Steel</b>	
6.7.1988: 236/86 — Dillinger Hüttenwerke v Commission <sup>1</sup>	1. Commission Decision SG(86) D/3794, addressed to the British Steel Corporation, is void to the extent that it allocates additional production references (161 500 tonnes) and delivery references (128 100 tonnes) in respect of products in Category II 2. For the rest, the application is inadmissible
14.7.1988: 103/85 — Peine-Salzgitter v Commission <sup>2</sup>	1. The Commission Decision of 11 June 1985 refusing to adjust pursuant to Article 14 of

Date and Case	Held
<p>14.7.1988: 33, 44, 110, 226 and 285/86 — Peine-Salzgitter and Hoogovens v Commission<sup>3</sup></p>	<p>Decision No 234/84/ECSC the applicant's quotas for Category III products for the first quarter of 1985 is declared void</p> <p>2. The Commission is ordered to pay the costs</p> <p>1. Article 5 of Commission Decision No 3485/85/ECSC is declared void in so far as it does not permit the fixing of delivery quotas on a basis which the Commission considers fair for undertakings whose delivery quota to production quota ratios are appreciably lower than the Community average</p> <p>2. The individual decisions addressed by the Commission on 30 December 1985 and 21 March 1986 to Peine-Salzgitter AG are declared void in so far as they fix its delivery quotas for Categories Ia, Ib, Ic and III for the first and second quarters of 1986 respectively</p> <p>3. The individual Decisions of the Commission of 14 July 1986 (as amended by the Decision of 5 August 1986) and 6 October 1986 (as amended by the Decision of 28 November 1986) addressed to Hoogovens Groep BV are declared void in so far as they fix its delivery quotas for the third and fourth quarters of 1986 respectively</p>
<p><b>Free movement of goods</b></p> <p>14.7.1988: 407/85 and 90/86 — Drei Glocken and Kritzing v USL Centro-Sud and Provincia Autonoma de Bolzano<sup>3</sup></p>	<p>The extension, to imported products, of a prohibition of the sale of pasta products made from common wheat or a mixture of common wheat and durum wheat, of the kind contained in the Italian Act on pasta products, is incompatible with Articles 30 and 36 of the EEC Treaty</p>
<p><b>Freedom of establishment</b></p> <p>7.7.1988: 143/87 — Stanton and SA Belge d'assurances l'Etoile 1905 v Inasti<sup>4</sup></p> <p>7.7.1988: 154 and 155/87 — Inasti v Wolf and Others<sup>4</sup></p>	<p>Articles 48 and 52 of the EEC Treaty must be interpreted as meaning that a Member State may not refuse to exempt self-employed persons working on its territory from the contributions provided for under the national rules on the social security regime for self-employed persons on the ground that the activity as employed persons which is capable of giving a right to such exemption is pursued on the territory of another Member State</p> <p>Articles 48 and 52 of the EEC Treaty must be interpreted as meaning that a Member State may not refuse to exempt self-employed persons working on its territory from the contributions provided for under the national rules on the social security regime for self-employed persons on the ground that the activity as employed persons which is capable of giving a right to such</p>



Date and Case	Held
<p><b>Taxation</b></p> <p>5.7.1988: 269/86 — <i>Mol v Inspecteur der Invoerrechten en Accijnzen</i><sup>1</sup></p> <p>5.7.1988: 289/86 — <i>Vereniging Happy Family Rustenburgerstraat v Inspecteur der Omzetbelasting</i><sup>1</sup></p> <p>6.7.1988: 127/86 — <i>Ministère des Finances du Royaume de Belgique v Ledouw</i><sup>5</sup></p> <p>12.7.1988: 138 and 139/86 — <i>Direct Cosmetics and Laughtons Photographs v Commissioners of Customs and Excise</i><sup>6</sup></p>	<p>exemption is pursued on the territory of another Member State</p> <p>1. Article 2 of the sixth VAT Directive must be interpreted as meaning that no liability to VAT arises upon the unlawful supply of drugs effected for consideration within the country in so far as the products in question are not confined within economic channels strictly controlled by the competent authorities for use for medical and scientific purposes</p> <p>2. The unlawful supply of amphetamines is also not liable to VAT in so far as the products in question are not confined within economic channels strictly controlled by the competent authorities</p> <p>1. Article 2(1) of the sixth VAT Directive must be interpreted as meaning that no liability to VAT arises upon the unlawful supply of drugs within the territory of a Member State in so far as the products in question are not confined within economic channels strictly controlled by the competent authorities for use for medical and scientific purposes</p> <p>2. That also applies to the unlawful supply of hemp products even where, pursuant to a selective prosecution policy, the authorities of a Member State do not systematically bring criminal proceedings in respect of small retail dealing in such drugs</p> <p>The sixth VAT Directive prevents a Member State from levying VAT on a motor vehicle which is owned by an employer established in another Member State where VAT has been paid and which is used by a frontier-zone worker residing in the first Member State for the performance of his duties under his contract of employment and, secondarily, for leisure purposes</p> <p>1. Article 27(1) of the sixth VAT Directive permits the adoption of a measure derogating from the basic rule set out in Article 11(A)(1)(a) of that Directive even where the taxable person carries on business, not with any intention of obtaining a tax advantage but for commercial reasons</p> <p>2. Article 27(1) of the sixth VAT Directive permits the adoption of a derogating measure, such as that at issue in the main proceedings, which applies only to certain taxable persons among those selling goods to non-taxable resellers, on condition that the resultant difference in treatment is justified by objective circumstances</p>

Date and Case	Held
<p>14.7.1988: 123 and 330/87 — Jeunehomme and SA d'Etude et de Gestion Immobilière (EGI) v Belgian State<sup>7</sup></p>	<p>3. Consideration of the question raised has disclosed no factors of such a kind as to affect the validity of Council Decision 85/369/EEC authorizing a derogating measure requested by the United Kingdom</p> <p>Article 18(1)(a) and Article 22(3)(a) and (b) of the sixth VAT Directive allow Member States to make the exercise of the right to deduct dependent on the holding of an invoice which must contain certain particulars which are needed in order to secure the collection of VAT and the supervision thereof by the tax authorities. Such particulars must not, by reason of their number or technical nature, make it practically impossible or excessively difficult to actually exercise the right to deduct</p>
<p>14.7.1988: 207/87 — Weissgerber v Finanzamt Neustadt an der Weinstrasse<sup>3</sup></p>	<p>In the absence of implementation of the sixth VAT Directive, a credit negotiator may rely on the provision for the exemption from tax in Article 13(B)(d)(1) of the Directive in respect of transactions carried out between 1 January and 30 June 1978 and from 1 January 1979 if he has not passed the tax on down the commercial chain so as to give the recipient of the services the right to deduct the amount as input tax</p>
<p><b>Competition</b></p>	
<p>14.7.1988: 254/87 — Syndicat des libraires de Normandie v L'Aigle Distribution, Centre Leclerc<sup>3</sup></p>	<p>As Community law now stands, the second paragraph of Article 5 of the EEC Treaty, in conjunction with Article 3(f) and Articles 85 and 86, does not prohibit Member States from enacting legislation whereby the retail price of books must be fixed by the publisher or by the importer and is binding on all retailers, providing that such legislation is consonant with the other specific provisions of the Treaty, in particular those relating to the free movement of goods</p>
<p><b>State aid</b></p>	
<p>13.7.1988: 102/87 — France v Commission<sup>1</sup></p>	<p>Application dismissed</p>
<p><b>Social security</b></p>	
<p>5.7.1988: 21/87 — Borowitz v Bundesversicherungsanstalt für Angestellte<sup>1</sup></p>	<p>Council Regulation No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community permits a German insurance institution, in deciding whether to take interrupting periods (<i>Ausfallzeiten</i>) into account for purposes of the German legislation on social security, to treat as compulsory contributions paid under German legislation and as insurance under</p>

Date and Case	Held
<p>13.7.1988: 356/87 — Doan Thi Kim Thuy v Belgian State<sup>4</sup></p> <p><b>Agriculture</b></p> <p>5.7.1988: 291/86 — Central-Import Münster v HZA Münster<sup>1</sup></p> <p>7.7.1988: 55/87 — Alexander Moksel Import und Export v Bundesanstalt für landwirtschaftliche Marktordnung<sup>1</sup></p> <p>13.7.1988: 350/87 — Dublin District Milk Board v Golden Vale Cooperative Creameries</p> <p>13.7.1988: 376/87 — Distrivet v Council<sup>8</sup></p>	<p>the German pension insurance scheme not only compulsory contributions paid under the legislation of other Member States and insurance under the insurance schemes of other Member States but also compulsory contributions and insurance in a non-member country (in this case, Poland) with which the Federal Republic of Germany has concluded a convention on the reciprocal assimilation of insurance periods</p> <p>Removed from the Court Register (interpretation of Article 7 of Council Regulation No 1612/68)</p> <p>1. Consideration of the questions submitted has not disclosed any factor of such a kind as to affect the validity of Commission Regulation No 2742/82 on protective measures applicable to imports of dried grapes, as successively amended, in so far as it introduced a minimum price and a countervailing charge which is imposed where the import price of dried grapes from non-member countries is lower than the minimum price fixed</p> <p>2. Commission Regulation No 2742/82, as successively amended, is invalid in so far as it introduced the countervailing charge at a fixed rate equal to the difference between the minimum price and the lowest price on the world market</p> <p>1. Applications for the advance fixing of export refunds pursuant to Article 5(3) of Council Regulation No 885/68 must, if they are submitted prior to a period when advanced fixing is suspended but necessitate a decision during that period, be rejected</p> <p>2. The term 'Werktag' appearing in the German version of Article 8a(2) of Commission Regulation No 2377/80 must be interpreted as being synonymous with the term 'Arbeitstag' in the German version of Article 2(2) of Council Regulation No 1182/71, and must therefore exclude Saturdays</p> <p>3. Consideration of the case has disclosed no factor of such a kind as to affect the validity of Commission Regulation No 387/84</p> <p>Removed from the Court Register (compatibility with Community law of the Irish system for the production and sale of liquid milk in the Dublin area)</p> <p>Removed from the Court Register (annulment of Council Decision 87/561/EEC on transitional measures concerning the prohibition on administration to farm animals of certain substances having a hormonal action)</p>

Date and Case	Held
<b>Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters</b>	
6.7.1988: 158/87 — Scherrens v Maenhout and Others <sup>1</sup>	Article 16(1) of the Convention must be interpreted as meaning that, in a dispute as to the existence of a lease relating to immovable property situated in two Contracting States, exclusive jurisdiction over the property situated in each Contracting State is held by the courts of that State
<b>Economic policy</b>	
14.7.1988: 308/86 — Ministère public v Lambert <sup>3</sup>	<ol style="list-style-type: none"> <li>1. As Community law now stands, rules which require exporters to have foreign currency payable in respect of their sales paid through a bank and to exchange such currency on the regulated foreign exchange market and which prohibit their taking payment in banknotes are not a barrier to the liberalization of payments connected with trade in goods which is incompatible with Article 106 of the EEC Treaty</li> <li>2. Rules such as those at issue do not give rise to discrimination incompatible with Article 7 of the EEC Treaty</li> </ol>
<b>Budget</b>	
12.7.1988: 377/87 — Parliament v Council <sup>3</sup>	There is no need to give a decision (failure to establish a draft budget by 5 October 1987)
12.7.1988: 383/87 — Commission v Council <sup>1</sup>	There is no need to give a decision (failure to establish a draft budget by 5 October 1987)
<b>Consumer protection</b>	
14.7.1988: 298/87 — Reconstruction under court supervision of Smanor <sup>3</sup>	<ol style="list-style-type: none"> <li>1. It is contrary to Article 30 of the EEC Treaty for a Member State to apply to products imported from another Member State where they are lawfully produced and marketed national rules restricting the use of the description 'yoghurt' to fresh yoghurts, excluding deep-frozen yoghurts, if the characteristics of deep-frozen yoghurts are not substantially different from those of fresh yoghurt and appropriate labelling together with an indication of the date by which the product must be sold or eaten is sufficient to guarantee correct consumer information</li> <li>2. The provisions of Directive 79/112/EEC, in particular Article 5 thereof, must be interpreted as meaning that they preclude the application of national rules under which the sales description 'yoghurt' may not be used for imported products or products of domestic origin which have been</li> </ol>

Date and Case	Held
	<p>deep-frozen if the products in question otherwise comply with the requirements laid down by the national rules for the use of that description in respect of fresh products</p>
<b>External relations</b>	
14.7.1988: 187 and 188/85 — Fediol v Commission <sup>3</sup>	Applications dismissed
19.8.1988: 191/88R — Co-Frutta v Commission <sup>9</sup>	<p>Application for interim measures dismissed (suspension of the operation of the Commission's decision authorizing Italy not to apply Community treatment to bananas originating in dollar area countries and in free circulation in the Community or, alternatively, an interim measure whereby the Commission's decision cannot prevent the granting of the licence for 2 000 tonnes of bananas originating in Colombia and in free circulation in Benelux requested by Co-Frutta and enjoining the Commission to inform the Italian Government accordingly)</p>
<b>Infringements</b>	
12.7.1988: 60/86 — Commission v United Kingdom <sup>1</sup>	<p>By prohibiting, in breach of Council Directive 75/756/EEC on the approximation of the laws of the Member States relating to the installation of light and light-signalling devices on motor vehicles and their trailers, the use of motor vehicles manufactured after 1 October 1986 and put into service after 1 April 1987 which are not equipped with a dim-dip lighting device, the United Kingdom has failed to fulfil its obligations under the EEC Treaty</p>
12.7.1988: 310/86 — Commission v Italy <sup>2</sup>	<p>By not adopting within the prescribed period the provisions necessary to comply with Council Directive 82/470/EEC Italy has failed to fulfil its obligations under the EEC Treaty</p>
12.7.1988: 322/86 — Commission v Italy <sup>1</sup>	<p>By failing to adopt within the prescribed period the provisions necessary in order to comply with Council Directive 78/659/EEC on the quality of fresh waters needing protection or improvement in order to support fish life, Italy has failed to fulfil its obligations under the EEC Treaty</p>
12.7.1988: 326/87 — Commission v Italy <sup>1</sup>	<p>By failing to adopt within the period prescribed the provisions needed to comply with Commission Directive 84/414/EEC adapting to technical progress Directive 76/764/EEC on the approximation of the laws of the Member States relating to clinical mercury-in-glass maximum-reading thermometers, Italy has failed to fulfil its obligations under the EEC Treaty</p>

Date and Case	Held
13.7.1988: 284/86 — Commission v France <sup>4</sup>	Removed from the Court Register (failure to incorporate into French law within the prescribed period Council Directive 82/489/EEC laying down measures to facilitate the effective exercise of the right of establishment and freedom to provide services in hairdressing)
13.7.1988: 138/87 — Commission v France <sup>4</sup>	Removed from the Court Register (failure by France to fulfil its obligations under the Treaty by reserving the general descriptive term 'rum' solely for certain products)
13.7.1988: 169/87 — Commission v France <sup>1</sup>	<ol style="list-style-type: none"> <li>1. By not taking the necessary measures to comply with the judgment of the Court of Justice of 21 June 1983, France has failed to fulfil its obligations under Article 171 of the EEC Treaty</li> <li>2. France is ordered to pay the costs, apart from those incurred by the Netherlands</li> </ol>
14.7.1988: 298/86 — Commission v Belgium <sup>3</sup>	Application dismissed
14.7.1988: 38/87 — Commission v Greece <sup>3</sup>	<ol style="list-style-type: none"> <li>1. By maintaining in force provisions which do not expressly uphold the right of nationals of the other Member States to register with the Chamber of Technical Professions of Greece as ordinary members, while registration as such is a precondition for and facilitates access to the professions of architect, civil engineer and surveyor and the exercise thereof in Greece, Greece has failed to fulfil its obligations under Articles 52 and 59 of the EEC Treaty</li> <li>2. By maintaining in force provisions which make access to the profession of lawyer and the exercise thereof conditional upon the possession of Greek nationality, Greece has failed to fulfil its obligations under Articles 52 and 59 of the EEC Treaty</li> <li>3. Greece is ordered to pay the costs</li> </ol>
13.7.1988: 359/85 — Commission v Germany	Removed from the Court Register (by failing to adopt the legal and administrative provisions necessary to comply with Council Directives 79/279/EEC, 80/390/EEC and 82/121/EEC on the admission of securities to official stock exchange listing, Germany has failed to fulfil its obligations under the EEC Treaty and under those Directives)

### Disputes between the Community and its staff

v Commission:

6.7.1988: 164/87 — Simonella<sup>1</sup> — Application dismissed

6.7.1988: 181/87 — Agazzi-Leonard<sup>1</sup> — Application dismissed

14.7.1988: 284/87 — Schäflein<sup>3</sup> — 1. The applicant's salary statements issued by the Commission for February and March 1987 are declared void in so far as the weighting applied to the allowance payable was other than that applicable to Switzerland. 2. The Commission is ordered to pay the applicant the sum corresponding to the difference between the allowance actually paid and that to which the applicant has been entitled since January 1987 by application of the weighting for Switzerland

v Parliament:

14.7.1988: 23 and 24/87 — Tziovas (née Aldinger); Schettini (née Virgili)<sup>2</sup> — Applications dismissed

v Court of Auditors:

7.7.1988: 322/87 — Frank — Removed from the Court Register

<sup>1</sup> OJ C 211, 11.8.1988.

<sup>2</sup> OJ C 213, 13.8.1988.

<sup>3</sup> OJ C 215, 17.8.1988.

<sup>4</sup> OJ C 210, 10.8.1988.

<sup>5</sup> OJ C 193, 22.7.1988.

<sup>6</sup> OJ C 205, 6.8.1988.

<sup>7</sup> OJ C 222, 26.8.1988.

<sup>8</sup> OJ C 223, 27.8.1988.

<sup>9</sup> OJ C 261, 8.10.1988.

## Court of Auditors

2.4.51. On 14 July the Court of Auditors adopted an opinion<sup>1</sup> on a proposal<sup>2</sup> to amend Article 12 of the Council Regulation<sup>3</sup> of 21 December 1977 implementing the Decision of 21 April 1970 on the replacement of financial contributions from Member States by the Communities' own resources.<sup>4</sup>

## Economic and Social Committee

### 257th plenary session

2.4.52. The Economic and Social Committee held its 257th plenary session in Brussels on 6 and 7 July with Mr Margot in the chair.<sup>5</sup> The meeting was attended by Mr Bangemann, the German Economics Minister, who reviewed the German Presidency<sup>6</sup> and by Mr Yennimatas, President-in-Office of the Council, who presented the programme for the Greek Presidency (→ point 3.4.1).

### Eurotra

2.4.53. The Committee unanimously adopted an opinion on the proposal for a Council Decision to embark on the third phase of the Eurotra programme.<sup>7</sup> While

approving the proposal, the Committee stressed that the time allotted to it for delivering an opinion was not sufficient to enable it to comment on the substance. It would be able to do this in the context of its opinion on a proposal for a decision to allocate additional appropriations for the implementation of the third phase.

### Indirect taxation

2.4.54. By 112 votes to 8 with 11 abstentions, the Committee adopted an opinion on the global Commission communication on completion of the internal market: approximation of indirect tax rates and harmonization of indirect tax structure.<sup>8</sup>

The Committee wholly endorsed the aim of doing away with tax controls at borders. It recalled that the internal market could only be achieved by means of a global strategy involving the removal of technical, physical, fiscal and administrative barriers

<sup>1</sup> OJ C 212, 12.8.1988.

<sup>2</sup> OJ C 102, 16.4.1988; Bull. EC 3-1988, point 2.3.4.

<sup>3</sup> OJ L 336, 27.12.1977.

<sup>4</sup> OJ L 94, 28.4.1970.

<sup>5</sup> Bull. EC 6-1988, point 2.4.38.

<sup>6</sup> Bull. EC 6-1988, point 3.4.1.

<sup>7</sup> Bull. EC 5-1988, point 2.1.50.

<sup>8</sup> Bull. EC 7/8-1987, point 1.2.1 *et seq.*

accompanied by the essential macro-economic policies.

The Committee felt that the Commission should reconsider whether it was necessary to approximate VAT rates applicable to goods and services, since these were not normally traded by non-liaible persons, and the application of different VAT rates did not lead to distortions of competition.

2.4.55. By a large majority with eight votes against and three abstentions, the Commission adopted an opinion on the proposal for a Directive supplementing the common system of value-added tax<sup>1</sup> and amending the Directive of 17 May 1977—Approximation of VAT rates.<sup>2</sup>

The Committee broadly endorsed the proposal to limit the number of VAT rates to two, while being conscious of the difficulties of putting this into practice (impact on prices and wages policy and on social policy). It also felt that the proposed tax bands should be narrowed.

2.4.56. By a large majority, with three votes against and nine abstentions, the Committee adopted an opinion on the proposal for a Directive supplementing the common system of value-added tax<sup>3</sup> and amending the Directive of 17 May 1977—Removal of tax frontiers.<sup>2</sup>

As most of the amendments proposed by the Commission were the necessary consequence of the removal of tax frontiers, the Committee felt that a specific opinion on the subject would be superfluous.

2.4.57. By a large majority, with two votes against and eight abstentions, the Committee adopted an opinion on the completion of the internal market—Introduction of a VAT clearing mechanism for intra-Community sales.<sup>4</sup> The Committee considered the proposed system to be a complex one, as it involved very extensive checks on the part of the various administrations and the establishment of a large Community department.

In its view, the clearing mechanism (should it be finally adopted) could only operate

successfully if certain problems were resolved, such as the calculation of compensation in the case of transactions involving more than two Member States or carried out through the intermediary of a non-member country.

2.4.58. By a large majority, with four votes against and three abstentions, the Committee adopted an opinion on the proposal for a Directive instituting a process of convergence of rates of value-added tax and excise duties.<sup>1</sup>

The Committee stressed the link between this proposal and the proposals on the approximation of VAT rates (→ point 2.4.55) and on the removal of tax frontiers (→ point 2.4.56). It questioned the wisdom of confining the proposal to prohibiting further divergence while allowing convergence towards the proposed rates for 1992. It would appear more advisable to require all the Member States to come into line gradually with the final objective.

2.4.59. By a large majority, with two votes against and no abstentions, the Committee adopted an opinion on two proposals for Directives on the approximation of taxes on cigarettes and on the approximation of taxes on manufactured tobacco other than cigarettes.<sup>5</sup>

The Committee felt unable to deliver an informed opinion on the proposals, as they related solely to the structure and basic rates of excise duties on tobacco, and did not deal with other related problems such as the method for calculating the base and collecting duties, or the situation in the tobacco industry in general and with regard to employment in particular.

2.4.60. The Committee adopted *nem. con.*, with four abstentions, an opinion on

<sup>1</sup> OJ C 250, 18.9.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*

<sup>2</sup> OJ L 145, 13.6.1977.

<sup>3</sup> OJ C 252, 22.9.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*

<sup>4</sup> Bull. EC 7/8-1987, point 1.2.1 *et seq.*

<sup>5</sup> OJ C 251, 19.9.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*



the proposal for a Directive on approximation of the rates of excise duty on mineral oils.<sup>1</sup>

The Committee endorsed the aims of the proposal, which was part of the overall plan to complete the internal market. However, it made a number of criticisms concerning the implementing arrangements proposed by the Commission. The Committee felt that it would be more appropriate to approximate the taxation systems at the lowest possible level, bearing in mind the budgetary constraints on the Member States, rather than to adopt the upper limit.

The Committee also called on the Commission to present an outline as soon as possible of the method for repaying excise revenue to the Member States where consumption actually took place. It considered that a knowledge of this procedure was essential in order to be able to assess this proposal or any other proposal on the approximation of rates of excise duties.

2.4.61. By 80 votes to 13 with 6 abstentions, the Committee adopted an opinion on the proposal for a Directive on the approximation of the rates of excise duty on alcoholic beverages and on the alcohol contained in other products.<sup>2</sup>

The Committee approved the proposal in principle, as it was designed to avoid distortions of competition and obviate the need for border controls. However, it felt that the matter deserved closer examination by the Commission, and that all the Member States should be specifically consulted.

### Competition in the air transport sector

2.4.62. By a large majority with three abstentions the Committee adopted an opinion on the draft Commission Regulation on the application of Article 85(3) of the EEC Treaty to certain categories of agreements, decisions and concerted practices concerning joint planning and coordination of capacity, sharing of revenue and consultation on tariffs for scheduled air services and slot allocation at airports.<sup>3</sup>

While approving the aims of the draft Regulation, the Committee recommended that certain specific points be clarified, with particular reference to the coordination of schedules.

2.4.63. The Committee unanimously adopted an opinion on the draft Commission Regulation on the application of Article 85(3) of the Treaty to certain categories of agreements, decisions and concerted practices concerning ground handling services.<sup>3</sup>

The Committee welcomed the overall objective of the draft, given the need for a Regulation to lay the foundations for the development of competition in the air transport sector in the context of completion of the internal market. However, it felt that, to be satisfactory, the rules governing this sector should give priority to security, take account of the infrastructure of airports and the seasonal nature of air traffic and make provision for local checks to be carried out to prevent the uncontrolled proliferation of firms supplying services.

2.4.64. The Committee unanimously adopted an opinion on the draft Commission Regulation on the application of Article 85(3) to certain categories of agreements between undertakings relating to computer reservation systems for air transport services.<sup>3</sup>

The Committee approved the draft Regulation overall, as it considered that collective systems should be competitive. However, any dominant position arising primarily from the operation of such a system should prompt the Commission to carry out a comprehensive review of the block exemption in 1991.

### Public health

2.4.65. By 42 votes to 20 with 14 abstentions the Committee adopted an

<sup>1</sup> OJ C 262, 1.10.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*

<sup>2</sup> OJ C 250, 18.9.1987; Bull. EC 7/8-1987, point 1.2.1 *et seq.*

<sup>3</sup> OJ C 138, 28.5.1988; Bull. EC 4-1988, point 2.1.69.

opinion on the proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States concerning the labelling of tobacco products.<sup>1</sup> The Committee approved the proposal, but made a number of comments. It questioned the need to extend harmonization of labelling to tobacco products other than cigarettes and loose tobacco, and disagreed with the proposed method of harmonization, as it felt that the labelling would take up too much space on the two larger surfaces of the packet. As a possible solution, it suggested either using a pictogram or inserting a note inside the packet on the same lines as instructions for the use of photographic film.

The Committee also expressed concern as to the implications of the legal basis, which, it felt, did not adequately reflect the possible economic and social consequences of the proposals for small businesses and for workers in this sector.

Finally, the Committee called for a more consistent approach to implementing policy on tobacco, which would reconcile the need to protect public health and at the same time ensure the prosperity of manufacturers and workers in the sector.

2.4.66. By 48 votes to 9 with 5 abstentions the Committee adopted an opinion on the proposal for a Directive on the approximation of the laws, regulations and administrative provisions of the Member States concerning the maximum tar yield of cigarettes.<sup>1</sup>

The Committee endorsed this proposal, which was part of the 'Europe against Cancer' programme. It deplored the fact that the Commission had not put forward all its proposals on tobacco at the same time, as they formed an indivisible whole. It hoped to see determined and coordinated efforts made to inform and educate smokers on the dangers of smoking cigarettes with a high tar content. It also wished to see preventive action aimed at young people.

## Fisheries

2.4.67. The Committee adopted unanimously with two abstentions an opinion on the social aspects of sea fisheries.

The Committee deplored the lack of social legislation under the common fisheries policy, and was drawing up a series of proposals, relating in particular to vocational training, working conditions, employment, safety at sea, the right to retirement and holidays and the improvement of living standards.

## European Investment Bank <sup>2</sup>

### *Operations in July and August*

2.4.68. Loans announced by the European Investment Bank in July and August for investments within the Community totalled ECU 651.4 million,<sup>3</sup> broken down as follows: ECU 208.8 million in Spain, ECU 192 million in France, ECU 177 million in Portugal, ECU 25 million in Denmark, ECU 21.7 million in the Federal Republic of Germany, ECU 15.9 million in the United Kingdom and ECU 11 million in Ireland. Outside the Community, the Bank lent ECU 57.09 million, ECU 41.09 million of it from risk capital resources, for projects in ACP States, and ECU 54 million in Jordan and Yugoslavia, under the financial protocols with these two Mediterranean countries.

## Community

### *Spain*

2.4.69. The EIB lent PTA 29 000 million for projects in Spain, mostly concerning

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<sup>1</sup> OJ C 48, 20.2.1988; Bull. EC 1-1988, point 2.1.48.

<sup>2</sup> Further details can be obtained from the European Investment Bank, 100 boulevard Konrad Adenauer, L-2950 Luxembourg (tel. 4379-1).

<sup>3</sup> The conversion rates at 30 June used by the EIB in statistics for the third quarter were ECU 1 = BFR 43.47, DKR 7.88, DM 2.08, DR 166.43, ESC 169.32, FF 7.00, HFL 2.34, IRL 0.77, LFR 43.47, LIT 1 539.75, PTA 138.69, UKL 0.67, USD 1.14.

small and medium-sized enterprises (PTA 12 500 million) and large-scale industries, as well as various infrastructure projects.

In the production sector, the EIB advanced PTA 7 500 million to the Banco de Crédito Agrícola and PTA 4 500 million to the Banco Hipotecario de España, to be onlent for investments in small and medium-sized enterprises in the less prosperous regions, in the agricultural and agri-industrial sector, and in the field of tourism. A further PTA 4 500 million went to Telettra Española to finance the modernization of its telecommunications equipment plants in Madrid, Algeciras and La Coruña and to boost its research and development capacity with a view to promoting the use of advanced technology both in the manufacturing process and in the company's product range, in conjunction with the RACE programme<sup>1</sup> and the European Space Agency.

On the infrastructures front, PTA 9 000 million was lent to the Comunidad Autónoma de Canarias for the construction of 11 sections of motorway and other roads, spread over seven islands, and for extending a waste water treatment plant in Las Palmas (Gran Canaria).

Finally, PTA 3 000 million has been earmarked for further construction of the Ugaldebieta motorway to the west of Bilbao in Vizcaya. The motorway will link Bilbao and the industrial areas of the Nervion valley with the Santander highway and the San Sebastian-France and Burgos-Barcelona motorways, thereby improving communications along Spain's northern coast.

### *France*

2.4.70. In France the Bank lent FF 1 400 million, mainly in the form of global loans to support small and medium-scale investments in infrastructures. A total of FF 1 050 million went to the Crédit Local de France — CAECL SA to finance small and medium-scale infrastructure projects with a regional dimension. The loan will help finance projects relating to surface trans-

port and communications infrastructures (national, regional and departmental roads, urban transport, road and rail centres), water supply and treatment in urban areas and infrastructures required to develop tourism, in the regions of Rhône-Alpes, Nord-Pas-de-Calais and Pays de la Loire. In Nord-Pas-de-Calais, FF 400 million went to projects designed to boost the region's economy, particularly in the context of the building of the Channel Tunnel and the TGV Nord. The projects in the Rhône-Alpes region (FF 400 million) will be located in the less prosperous parts of the region (Loire, Savoie) and in the departments of Ardèche<sup>2</sup> and Drôme<sup>3</sup> which are covered by integrated Mediterranean programmes (IMPs). In Pays de la Loire (FF 250 million), the projects to be financed are located in departments which receive regional aid (Loire-Atlantique, Vendée, Maine-et-Loire and Mayenne).

A further FF 300 million went to the Sociétés de développement régional (SDRs) for Brittany and for the West of France (Sodero) for the construction, in areas eligible for regional aid, of buildings for use by small and medium-sized enterprises or public bodies engaged in industry or tourism, or in services linked to these sectors, with the aim of boosting industry in the region.

Finally, in connection with Community action to promote the use of advanced technology, FF 12 million was granted to Lectra Systèmes SA to increase the production and research and development capacity of a plant manufacturing equipment for computer-aided design (CAD) and computer-aided manufacturing (CAM) in Cestas, near Bordeaux, in an area which receives regional development aid. This loan brings the total contribution of the EIB to this project to FF 40 million. The investments relate to new production capacities in the electronic, mechanical and laser sectors, and to the modernization and development of

<sup>1</sup> OJ L 16, 21.1.1988; Bull. EC 12-1987, point 2.1.71.

<sup>2</sup> OJ L 21, 27.1.1988; Bull. EC 7/8-1987, point 2.1.153.

<sup>3</sup> OJ L 32, 4.2.1988; Bull. EC 7/8-1987, point 2.1.153.

equipment to computerize industrial production, in particular in the ready-made clothing industry.

### *Portugal*

2.4.71. The Bank lent some ESC 30 000 million in July and August for projects in Portugal. In the field of tourism, a loan of ESC 680 million was granted for constructing a four-star hotel in the centre of Lisbon which, when it is completed in mid-1990, should provide additional room capacity in response to rapidly growing demand.

In the industrial sector, ESC 650 million was made available to the firm Madiberia Ltda, through the Banco Pinto & Sotto Mayor (BPSM) for constructing a plant to produce medium-density fibre (MDF) panels in the north of the country, thereby enabling maximum use to be made of the extensive local pine wood resources. The same firm received a loan totalling ESC 1 000 million in December 1987.<sup>1</sup>

As part of ongoing support for productive investment by SMEs in line with Community policy, the EIB also lent ESC 6 900 million to Portuguese banks, which will onlend the funds for investment projects selected with the agreement of the Bank. Some ESC 4.3 million lent to the Banco Português de Investimento is to be onlent for ventures in industry, tourism and related services, and for projects concerning the protection of the environment and the rational use of energy. A further amount of almost ESC 2 600 million was lent to the Banco Pinto & Sotto Mayor (BPSM) for similar projects.

With regard to infrastructures, almost ESC 3 100 million was made available for building waste water collection, treatment and disposal facilities in the area between Lisbon and Estoril. The works, which will serve an area with a population of 500 000 to the west of the capital, will see an end to the direct discharge of untreated waste water into the Tagus, which poses a serious threat to the coast in a popular tourist area, and bring Portugal into line with the Com-

munity directives on the quality of bathing water. A further ESC 18 700 million goes to finance transport infrastructures: in addition to the contribution of the ERDF to financing the construction of some of the roads concerned, ESC 13 700 million has been allocated for improving the national road network by removing bottlenecks on main arteries and facilitating access to the country's less-developed regions, as well as for upgrading road links with Spain and the other Community Member States.

Finally, ESC 5 000 million was lent to the regional government of the Azores for improving communications both on and between the islands of São Miguel and Terceira and between the Azores archipelago as a whole and mainland Portugal. The project, which forms part of the regional development plan for the Azores, one of the most remote and least developed regions of the Community, is deemed vital for broadening and modernizing the archipelago's economic base.

### *Denmark*

2.4.72. The Bank lent DKR 197 million for the continuation of the work on constructing the regional gas transmission and distribution system in the greater Copenhagen area. In total, the EIB has now made more than DKR 2 000 million available since 1984 for this project, which by 1995 will supply natural gas to consumers in 66 municipalities.

In the early part of 1988 the EIB lent over DKR 1 500 million (NCI resources)<sup>2</sup> for investments in Denmark. Of this, almost DKR 1 200 million went to the energy sector, for projects relating mainly to the use of natural gas and the construction of district heating networks. A total of DKR 100 million went towards the construction of the remaining section of the Copenhagen-Rødby motorway, a key section of the motorway link between Finland and Portugal, and a further

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<sup>1</sup> Bull. EC 12-1987, point 2.4.48.

<sup>2</sup> OJ L 298, 20.10.1978.

DKR 250 million from NCI resources was lent to the Finansieringsinstituttet for Industri og Handvaerk for productive investment by SMEs in industry and related services.

### *Federal Republic of Germany*

2.4.73. The Bank lent a further DM 45 million for a combined heat and power plant in Hanover, thereby bringing total EIB funding for this project to DM 375 million, or 50% of total investment costs. The operation forms part of ongoing EIB support for thermal power stations in Germany to comply with national legislation on atmospheric pollution. The power station, whose volume of emissions will be less than 50% of the legal limit, will replace the oil-fired power stations owned by Volkswagen and Continental Gummi and the coal and gas-fired plants owned by Stadtwerke Hannover. It will comprise two identical generators with a combined capacity of 415 MW of heat and 218 MW of electricity.

### *United Kingdom*

2.4.74. In the United Kingdom the Bank lent UKL 10 550 000 for investment projects to modernize the aviation and steel industries in the less developed regions of the country. A total of UKL 7 250 000 went towards the modernization and extension of aircraft engine overhaul facilities near Cardiff (Wales) to help meet the future needs of British Airways and some 20 other airlines. A further UKL 3 300 000 was lent for modernizing production facilities at a cast roll factory in Gateshead (Tyne and Wear) in order to increase capacity and improve efficiency, particularly in relation to bi-chromium rolls for use in the steel industry. The plans also include the modernization of the foundry and the introduction of advanced technology in the machine shop.

### *Ireland*

2.4.75. In Ireland, the EIB lent a total of IRL 16 million for infrastructure projects. A

total of IRL 8 500 000 goes towards services buildings, a control tower, a new runway and electrical equipment and navigational aids in Dublin Airport. The investment will ensure that the airport maintains a high level of efficiency in providing air transport links with the United Kingdom and the rest of the Community. A further IRL 3 million has been made available for the construction of the Liffey Bridge section of the western ring road around Dublin. The new ring road will reduce urban congestion, increase traffic safety and reduce air pollution from exhaust fumes, as well as serving several industrial areas and new towns.

## **Outside the Community**

### *Mediterranean countries*

2.4.76. In Yugoslavia the EIB lent ECU 45 million for construction of the final stages of the trans-alpine Karawanken Tunnel, situated on the Austro-Yugoslav border and designed to improve international freight and passenger communications. The 8-km-long tunnel through the Karawanken mountains will join the Trans-Yugoslav Highway (TYH) with the Tauern route through Austria, linking up with the Community motorway network in the Federal Republic of Germany. The loan is the first to be made available under the Second EEC-Yugoslav Financial Protocol,<sup>1</sup> and will help finance the 3.5 km stretch of the project located in Yugoslavia, including an access road and border service facilities. The project forms a key element in the 1 200-km-long motorway which is an important connection between Greece and the other Community countries,<sup>2</sup> and between Europe, Turkey and the Middle East. This motorway also plays a central role in Yugoslavia's transport network, and its improvement will promote trade and tourism, offer time savings and increase safety. Due to open in 1991, the tunnel will provide an all-weather alter-

<sup>1</sup> Bull. EC 12-1987, point 2.2.25.

<sup>2</sup> Bull. EC 2-1988, point 2.1.162; Bull. EC 6-1988, point 2.1.267.

native to difficult mountain crossings, and is expected in its first year of operation to serve nearly 8 000 vehicles a day.

2.4.77. In Jordan ECU 15 million went towards financing the extension and reinforcement of the electricity distribution network in Amman and nearby Zarqua. This loan is the first to be made under the Third EEC-Jordan Financial Protocol.<sup>1</sup> The funds will go towards the purchase and installation of three medium-voltage distribution substations, 270 km of underground cable, 120 transformer substations and three vans fully equipped with cable fault location and cable test equipment. The investment will enable the high level of system reliability to be maintained in the face of rapidly growing demand for electricity in this area, where much of Jordan's industry is located.

#### *ACP States*

2.4.78. A total of ECU 57 090 000 was lent under the third Lomé Convention and the decision on the overseas countries and territories. Of this, ECU 15 million from risk capital resources went to the Agency for Air Traffic Control in Africa (Asecna) for a regional project for renewing and modernizing radio telecommunication, meteorological, radio beacon, energy supply and runway lighting equipment in 11 of the 16 Member States. The total cost of the project is ECU 17.4 million.

A further ECU 15.5 million, including ECU 3.5 million from risk capital resources, went to finance an oil palm plantation and an oil mill on the island of New Ireland, in Papua New Guinea. The project, whose cost is estimated at some ECU 40 million, involves planting 4 300 hectares over three years beginning in 1989; there are also plans for some 835 hectares of cocoa. The oil mill, which will be located at the heart of the oil palm plantation, some 75 km from the port of Kavieng, the capital of the island, should commence operations in 1991 with a capacity of 30 tonnes of fresh fruit per hour. Once it is fully operational, i.e. by 1999 or 2000, the plantation will produce 22 500

tonnes of oil, 5 200 tonnes of palm kernels and 760 tonnes of cocoa beans, all intended for export. A programme of village plantations covering 1 200 hectares is also being considered; if approved, processing could be carried out in the oil mill.

In Sudan, as part of ongoing support for improving and extending electricity generation at the Roseires hydroelectric power station 500 km south-east of Khartoum, the EIB lent ECU 10 million, from risk capital resources, for the rehabilitation and modernization of 300 MW generators. The project is designed to use additional seasonal hydro potential, replacing annually up to 30 GWh which would otherwise be generated by diesel plants using imported fuel.

A total of ECU 5.7 million was lent, from risk capital resources, for the expansion and rehabilitation of water supply facilities in Banjul, capital of the Gambia. The project will supply an additional 210 000 inhabitants with drinking water, while improving existing services for 150 000 people. The project is being cofinanced by the African Development Fund (African Development Bank), the Austrian Government and the International Development Association (World Bank Group).

The Bank lent ECU 3 million, from risk capital resources, to support the conversion of an existing spinning mill into an integrated weaving-finishing plant near Manzini, in central Swaziland. The funds will be made available to the Swaziland Industrial Development Company Ltd (SIDC), in the form of equity and loan to the final beneficiary Natex Ltd, which was established in 1985. After completion, the integrated mill will produce 3 700 tonnes of yarn annually, of which half will be used to produce 13 million m<sup>2</sup> of fabrics per year. It is expected that most the factory's output in yarn and fabrics will be exported to the area of the South African Customs Union, of which Swaziland is a member. The investment will contribute to increased value-added to local resources, to a diversification of Swazi-

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<sup>1</sup> OJ L 22, 27.1.1988; Bull. EC 2-1987, point 2.2.31.

land's exports and a significant increase in employment. The Commonwealth Development Corporation (United Kingdom) and the International Finance Corporation (World Bank Group) have made a significant contribution to the investments.

In Saint Vincent and the Grenadines, the EIB lent ECU 1.8 million from risk capital resources for use by small and medium-sized enterprises. The State received ECU 400 000 to bolster the capital of the Development Corporation (Devco) and provide it with a sounder financial base to help it cope with the upturn in its activities. A further ECU 1.4 million was advanced to Devco directly in the form of a conditional loan for which the terms will vary according to the use made of the funds: 15 years at 4 % for funds lent to SMEs, and up to 25 years at 2 % when holdings are acquired in the SMEs. Devco, established in 1970, is wholly State-owned and combines the roles of investment promotion and investment financing. It will draw on the proceeds of the EIB loan to finance initiatives in the industrial, agro-industrial and tourism sectors.

A total of ECU 90 000, also from risk capital resources, went to finance a feasibility study in Barbados with a view to the possible construction of a new abattoir to replace the existing one in Bridgetown, which is obsolete and is due to be demolished in the course of works to extend the fishing port.

### *Overseas countries and territories*

2.4.79. The Bank lent ECU 6 million, including ECU 2 million from risk capital resources, for completing a medium and high-voltage electricity transmission network on the island of Tahiti in French Polynesia. The project includes erection of a high-voltage line, extension of the medium-voltage network and provision of associated installations. The total cost of the project, to be carried out by the Société de transport d'énergie électrique en Polynésie (TEP), is estimated at ECU 33.3 million, and is to be cofinanced by the Caisse Centrale de Coopération Economique, the European Development Fund and Socredo (Société de Crédit et de Développement de l'Océanie).

## 5. Statistics

### General

2.5.1. On 26 July the Commission sent the Council a proposal for a Decision instituting a specific multiannual programme for the research and development of statistical expert systems (Doses).<sup>1</sup> The aim of this four-year programme—which is intended to benefit not only statisticians but also users of statistics—is to improve the capacity for producing and utilizing statistical information, through the introduction of, among other things, advanced information processing techniques. In particular, it aims to:

- (i) encourage regular meetings between the various interested parties (national statistical institutes, universities, industry and the Community) to provide an opportunity for discussing, adapting, coordinating and evaluating work carried out in the area in order to maximize the results achieved;
- (ii) launch or support multinational R&D projects in the Community, to be conducted on a cooperative basis in accordance with an agreed approach;

<sup>1</sup> OJ C 203, 4.8.1988; COM(88) 410 final.

(iii) establish an infrastructure for selecting and monitoring projects and disseminating the results.

From a financial standpoint, Doses will draw on a budget of ECU 4 million set aside in the framework programme for research and technological development,<sup>1</sup> which should suffice to produce the expected stimulus and synergistic effect at Community level.

## Data

2.5.2. On the basis of data currently available, the Statistical Office (Eurostat) estimates<sup>2</sup> economic growth for the first half of 1988 to be of the order of 3% (expressed as an annual rate) in both the Community and the United States. It predicts that this level of growth will be sustained throughout the year, thus adjusting substantially upwards its beginning-of-year estimates (1.9%).<sup>3</sup> Higher growth in the Community is due to a resumption of investment and the buoyancy of exports (except in the United Kingdom) and domestic demand. In the United States, a further contributory factor has been the marked upturn in investments and exports, although inflationary pressures are making themselves felt.

2.5.3. Eurostat notes<sup>4</sup> that the industrial production index for the Community as a whole during the first half of 1988 registered an increase of some 3.5% over the first half of 1987 (and 1.5% over the same period in 1986). This positive trend can be largely explained by the increase in production of capital goods (up more than 6% during the period in question), while the production

of consumer goods and intermediate goods rose by 3% and 2.5% respectively. These three figures are among the best results European industry has achieved in the 1980s. As far as individual Member States are concerned, industrial production is falling only in the Netherlands (-3.3%), mainly owing to the steep drop in gas production. The increases range from between 2.5% and 3% in Denmark, Belgium, the Federal Republic of Germany and France, between 4% and 5% in the United Kingdom and Italy and between 5% and 6% in Spain, Portugal and Greece to nearly 10% in Luxembourg and Ireland.

Production increased by 6% overall in the United States (6.9% in the case of capital goods) and nearly 11% in Japan (16% in the case of capital goods).

## Publications

2.5.4. The *Eurostat review 1977-86*<sup>5</sup> was published in July. It sets out chronological tables for the main statistics monitored, containing data for the Community, the United States and Japan for the period 1977-86. Frequent use is made of percentages or indices to simplify comparisons between different periods, and the most significant trends are illustrated in graph form.

<sup>1</sup> OJ L 302, 24.10.1987; Bull. EC 9-1987, point 2.1.32.

<sup>2</sup> See *Eurostatistics*, No 8-9/1988, available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.

<sup>3</sup> Bull. EC 4-1988, point 2.5.5.

<sup>4</sup> See *Industrial trends*, No 7-8/1988, available from the Office for Official Publications of the European Communities, L-1985 Luxembourg.

<sup>5</sup> Available from the Office for Official Publications of the European Communities, L-2985 Luxembourg.



PART THREE

DOCUMENTATION

# 1. Ecu

## Values in national currencies of one ecu

31 August 1988 <sup>1</sup>	
Belgian franc and Luxembourg franc (convertible)	43.5277
Belgian franc and Luxembourg franc (financial)	44.2104
Danish krone	7.97358
German mark	2.07557
Greek drachma	167.598
Portuguese escudo	170.265
French franc	7.04349
Dutch guilder	2.34348
Irish pound	0.775151
Italian lira	1 540.76
Spanish peseta	137.236
Pound sterling	0.657749
United States dollar	1.10568
Swiss franc	1.75194
Swedish krona	7.16810
Norwegian krone	7.65404
Canadian dollar	1.36916
Austrian schilling	14.5971
Finnish mark	4.92689
Japanese yen	150.869
Australian dollar	1.37522
New Zealand dollar	1.80224

<sup>1</sup> OJ C 226, 1.9.1988.

NB: Explanatory notes on the ecu and 'green' rates can be found in Bull. EC 7/8-1982, points 3.1.1 to 3.1.3, and Bull. EC 10-1984, point 3.1.1.

## Representative rates ('green' rates)

*Conversion rates into national currencies for the ecu used in connection with the common agricultural policy*

July/August 1988	
National currency	Value in national currency of one ecu
Belgian franc and Luxembourg franc	47.3310 <sup>1</sup> 48.0467 <sup>2</sup> 48.0658 <sup>3</sup>
Danish krone	8.58163 <sup>1</sup> 8.88697 <sup>4</sup> 8.75497 <sup>5</sup>
German mark	2.385916 2.373607 2.36110 <sup>5</sup>
Greek drachma	134.328 <sup>8</sup> 150.580 <sup>9</sup> 150.275 <sup>1</sup> 156.699 <sup>7, 10</sup> 143.096 <sup>11</sup> 148.799 <sup>12</sup> 138.759 <sup>5</sup> 134.174 <sup>13</sup>
Portuguese escudo	188.007 <sup>5</sup> 171.725 <sup>13</sup>
French franc	7.47587 <sup>3, 6</sup> 7.69553 <sup>14</sup> 7.54539 <sup>1</sup> 7.45826 <sup>2</sup> 7.43671 <sup>15</sup> 7.73579 <sup>4</sup>
Dutch guilder	2.66089 <sup>6, 7</sup> 2.64704 <sup>5</sup>
Irish pound	0.832119 <sup>2</sup> 0.831375 <sup>3</sup> 0.844177 <sup>14</sup> 0.843427 <sup>4</sup> 0.817756 <sup>1</sup>
Italian lira	1 629.00 <sup>16</sup> 1 674.00 <sup>4</sup> 1 554.00 <sup>1</sup> 1 597.00 <sup>7, 17</sup> 1 603.00 <sup>15</sup> 1 613.00 <sup>5</sup>

July/August 1988	
National currency	Value in national currency of one ecu
Spanish peseta	151.806 <sup>1</sup> 155.786 <sup>2</sup> 154.213 <sup>3</sup> 155.643 <sup>4</sup>
Pound sterling	0.704020 <sup>4</sup> 0.710546 <sup>14</sup> 0.652575 <sup>1</sup> 0.665557 <sup>2</sup> 0.656148 <sup>3</sup>

- <sup>1</sup> For sheepmeat and goatmeat.
- <sup>2</sup> For other livestock products.
- <sup>3</sup> For crop products.
- <sup>4</sup> For pigmeat.
- <sup>5</sup> For other products.
- <sup>6</sup> For milk and milk products.
- <sup>7</sup> For cereals.
- <sup>8</sup> For pigmeat (from 1 to 24 July 1988).
- <sup>9</sup> For pigmeat (from 25 July 1988).
- <sup>10</sup> For sugar.
- <sup>11</sup> For eggs and poultrymeat.
- <sup>12</sup> For other crop products.
- <sup>13</sup> For olive oil.
- <sup>14</sup> For beef/veal.
- <sup>15</sup> For wine.
- <sup>16</sup> For fruit and vegetables and tobacco.
- <sup>17</sup> For oilseeds.

## 2. Additional references in the Official Journal

3.2.1. This section lists the titles of legal instruments and notices of Community institutions or organs which have appeared in the Official Journal since the last Bulletin was published but relating to items appearing in earlier issues of the Bulletin; the references were not available when the Bulletin went to press.

The number of the Bulletin and the point to which this additional information refers is followed by the title shown on the cover of the Official Journal, the number of the issue and the date of publication.

### **Bull. EC 10-1987**

#### *Point 2.1.111*

Commission Decisions of 20 October 1987 approving an integrated Mediterranean programme for the Northern Greece region, information technologies in Greece and Western Greece and the Peloponnese

OJ L 191, 22.7.1988

### **Bull. EC 3-1988**

#### *Point 2.1.82*

Proposal for a Council Directive amending Directive 85/3/EEC on the weights, dimensions and certain other technical characteristics of certain road vehicles

OJ L 220, 11.8.1988

#### *Point 2.1.82*

Commission Decision of 29 March 1988 concerning aid provided by the French Government to the Renault group, an undertaking chiefly producing motor vehicles

OJ C 173, 2.7.1988

### **Bull. EC 4-1988**

#### *Point 2.1.85*

Proposal for a Council Decision on preventing environmental damage by the implementation of education and training measures

OJ C 172, 1.7.1988

#### *Point 2.1.188*

Proposal for a Council recommendation to the Member States to promote cooperation between public electricity supply companies and auto-producers of electricity

OJ C 172, 1.7.1988

#### *Points 2.4.46 to 2.4.64*

Opinions adopted by the Economic and Social Committee during its session on 27 and 28 April 1988

OJ C 175, 4.7.1988

### **Bull. EC 5-1988**

#### *Point 1.2.2*

Resolution of the Council and the Ministers of Education meeting within the Council on the European dimension in education of 24 May 1988

OJ C 177, 6.7.1988

#### *Point 2.1.2*

Amended proposal for a Council Regulation establishing a single facility providing medium-term financial support for Member States' balances of payments

OJ C 183, 13.7.1988

#### *Point 2.1.15*

Commission Directive of 17 May 1988 on the adaptation to technical progress of Council Directive 77/649/EEC on the approximation of the laws of the Member States relating to the field of vision of motor vehicle drivers

OJ L 181, 12.7.1988

#### *Point 2.1.45*

Proposal for a Council Decision adopting a specific programme for the dissemination and utilization of results from scientific and technological research (1988-92)

OJ C 184, 14.7.1988

#### *Point 2.1.56*

Council Regulations of 24 May 1988 on the application of Decision No 1/88 of the EEC-Iceland and

EEC-Norway Joint Committees amending Protocol 3 concerning the definition of the concept of 'originating products' and methods of administrative cooperation

OJ L 180, 9.7.1988

*Point 2.1.58*

Amended proposal for a Council Directive amending for the first time Directive 83/182/EEC on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another

OJ C 184, 14.7.1988

Amendments to the proposal for a Council Directive amending for the first time Directive 83/183/EEC on tax exemptions applicable to permanent imports from a Member State of the personal property of individuals

OJ C 179, 8.7.1988

*Point 2.1.73*

Seventh, Eighth and Ninth Commission Decision of 18 May 1988 relating to the application of Council Directive 72/166/EEC on the approximation of the laws of the Member States relating to insurance against civil liability in respect of the use of motor vehicles, and to the enforcement of the obligation to insure against such liability

OJ L 181, 12.7.1988

*Point 2.1.76*

Conclusions of the Council and of the Ministers for Education meeting within the Council on the second European Community action programme (1982-87) concerning the transition of young people from education to adult and working life of 24 May 1988

Resolution of the Council and the Ministers for Education meeting within the Council on Environmental education of 24 May 1988

OJ C 177, 6.7.1988

*Point 2.1.83*

Proposal for a Council Directive on the burden of proof in the area of equal pay and equal treatment for women and men

OJ C 176, 5.7.1988

*Point 2.1.115*

Council Directive of 3 May 1988 on the approximation of the laws of the Member States concerning the safety of toys

OJ L 187, 16.7.1988

*Point 2.1.118*

Amended proposal for a Council Regulation (EEC) establishing a system of transitional aids to agricultural income

OJ C 180, 9.7.1988

*Point 2.1.131*

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 822/87 on the common organization of the market in wine

OJ C 176, 5.7.1988

*Point 2.1.155*

Proposal for a Council Regulation (EEC) introducing a common measure for the re-establishment of olive groves damaged by frost in certain regions of Greece in 1987

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 2511/69 laying down special measures for improving the production and marketing of Community citrus fruit

Proposal for a Council Regulation (EEC) introducing an emergency common measure to aid the agricultural areas of the Regions of Valencia and Murcia

OJ C 182, 12.7.1988

*Point 2.1.164*

Proposal for a Council Directive amending Directive 79/373/EEC on the marketing of compound feedingstuffs

OJ C 178, 7.7.1988

*Point 2.1.186*

Proposal for a Twelfth Council Directive on company law concerning single-member private limited companies

OJ C 173, 2.7.1988

*Point 2.4.24*

Special Report No 3/88 of the Court of Auditors on the common organization of the market in fishery products in Spain and Portugal together with the Commission's replies

OJ C 188, 18.7.1988

*Point 2.4.25*

Special Report No 4/88 of the Court of Auditors on regional cooperation financed under the Lomé Conventions together with the Commission's replies

OJ C 188, 18.7.1988

*Point 2.4.28*

Special Report No 2/88 of the Court of Auditors on the integrated approach to Community financing of structural measures together with the Commission's replies

OJ C 188, 18.7.1988

**Bull. EC 6-1988**

*Point 2.1.6*

Council Regulation of 24 June 1988 establishing a single facility providing medium-term financial assistance for Member States' balances of payments

OJ L 178, 8.7.1988

*Point 2.1.32*

Commission Directive of 21 June 1988 adapting to technical progress Council Directive 74/151/EEC on the approximation of the laws of the Member States relating to certain components or characteristics of wheeled agricultural or forestry tractors

Commission Directive of 21 June 1988 adapting to technical progress Council Directive 75/321/EEC on the approximation of the laws of the Member States relating to the steering equipment of wheeled agricultural or forestry tractors

Commission Directive of 22 June 1988 adapting to technical progress Council Directive 74/152/EEC on the approximation of the laws of the Member States relating to the maximum design speed and load platforms of wheeled agricultural and forestry tractors

Commission Directive of 22 June 1988 adapting to technical progress Council Directive 79/622/EEC

on the approximation of the laws of the Member States relating to the roll-over protection structures of wheeled agricultural or forestry tractors (static testing)

Commission Directive of 22 June 1988 adapting to technical progress Council Directive 80/720/EEC on the approximation of the laws of the Member States relating to the operating space, access to the driving position and the doors and windows of wheeled agricultural and forestry tractors

OJ L 200, 26.7.1988

*Point 2.1.68*

Council Decision of 29 June 1988 adopting a research and development programme for the European Economic Community in the field of applied metrology and chemical analysis (1988-92)

OJ L 206, 30.7.1988

Re-examined proposal for a Council Decision (EEC) on a research and development programme for the European Economic Community in the field of applied metrology and chemical analysis (1988-92) — Community Bureau of References — BCR

OJ C 186, 16.7.1988

*Point 2.1.70*

Council Decision of 29 June 1988 revising the multiannual research programme for the European Economic Community in the field of biotechnology

OJ L 206, 30.7.1988

*Point 2.1.75*

Council Decision of 29 June 1988 on a programme plan to stimulate the international cooperation and interchange needed by European research scientists (1988-92) (Science)

OJ L 206, 30.7.1988

Re-examined proposal for a Council Decision on a programme plan to stimulate the international cooperation and interchange needed by European research scientists 1988-92 (Science)

OJ C 186, 16.7.1988

*Point 2.1.81*

Council Decision of 29 June 1988 on a Community action in the field of learning technologies — devel-

opment of European learning through technological advance (Delta) exploratory action

OJ L 206, 30.7.1988

#### *Point 2.1.83*

Council Decision of 29 June 1988 on a Community programme in the field of road transport informatics and telecommunications (Drive)

OJ L 206, 30.7.1988

#### *Point 2.1.152*

Amendment to the proposal for a Council Regulation (EEC) instituting a Community programme to assist the conversion of shipbuilding areas (Renaval Programme)

OJ C 201, 2.8.1988

#### *Point 2.1.154*

Commission Decision of 27 June 1988 concerning the areas referred to in Article 3(2) of Council Regulation (EEC) No 328/88 instituting a Community programme to assist the conversion of steel areas (Resider programme)

Commission Decision of 29 June 1988 concerning the areas referred to in Article 3(2) of Council Regulation (EEC) No 328/88 instituting a Community programme to assist the conversion of steel areas (Resider)

OJ L 218, 9.8.1988

#### *Point 2.1.159*

Council Regulation of 24 June 1988 on the tasks of the structural Funds and their effectiveness and on coordination of their activities between themselves and with the operations of the European Investment Bank and the other existing financial instruments

Council Regulation of 24 June 1988 on financial assistance for Portugal for a specific industrial development programme (Pedip)

OJ L 185, 15.7.1988

#### *Point 2.1.171*

Council Resolution of 28 June 1988 on the protection of the North Sea and of other waters in the Community

OJ C 209, 9.8.1988

#### *Point 2.1.178*

Council Directive of 16 June 1988 amending Directive 70/220/EEC on the approximation of the laws of the Member States relating to measures to be taken against air pollution by gases from engines of motor vehicles (Restriction of particulate pollutant emissions from diesel engines)

OJ L 214, 6.8.1988

#### *Point 2.1.223*

Council Decision of 15 June 1988 on the levels of the fees to be charged for health inspections and controls of fresh meat pursuant to Directive 85/73/EEC

Council Directive of 14 June 1988 laying down the animal health requirements applicable to intra-Community trade in and imports of deep-frozen semen of domestic animals of the bovine species

Council Directive of 15 June laying down the health rules applying to meat intended for the domestic market and the levels of the fees to be charged, pursuant to Directive 85/73/EEC, in respect of the inspection of such meat

Council Directive of 14 June 1988 amending Directive 64/432/EEC as regards enzootic bovine leukosis and repealing Directive 80/1102/EEC

OJ L 194, 22.7.1988

#### *Point 2.1.232*

Council Decision of 30 June 1988 on an aid granted to farmers in the Federal Republic of Germany

OJ L 195, 23.7.1988

#### *Point 2.1.239*

Council Regulation of 23 June 1988 on the conclusion of the Agreement between the European Economic Community and the Kingdom of Morocco on relations in the sea fisheries sector and laying down provisions for its implementation

OJ L 181, 12.7.1988

#### *Point 2.2.14*

Commission Decision of 27 June 1988 authorizing the Member States to institute intra-Community surveillance of the importation for home use of certain iron and steel products originating in certain third countries and covered by the Treaty establishing the European Coal and Steel Community and in free circulation in the Community

OJ L 219, 10.8.1988

*Point 2.3.5*

Council Decision of 24 June 1988 on the system of the Communities' own resources  
OJ L 185, 15.7.1988

*Point 2.3.7*

Council Regulation of 24 June 1988 on the granting of financial compensation to the Kingdom of Spain and the Portuguese Republic following the depreciation of certain stocks of agricultural products  
OJ L 185, 15.7.1988

*Point 2.3.9*

Council Decision of 24 June 1988 concerning budgetary discipline  
OJ L 185, 15.7.1988

*Point 2.3.14*

Council Regulation of 24 June 1988 amending the Financial Regulation of 21 December 1977 applicable to the general budget of the European Communities  
OJ L 185, 15.7.1988

*Point 2.3.15*

Council Regulation of 24 June 1988 amending Regulation (EEC) No 729/70 on the financing of the common agricultural policy

Council Regulation of 24 June 1988 amending Regulation (EEC) No 1883/78 laying down general rules for the financing of interventions by the European Agricultural Guidance and Guarantee Fund, Guarantee Section  
OJ C 185, 15.7.1988

*Point 2.3.18*

Communication from the Commission on steel policy — Proposal for a Council Decision on a contribution from the general budget of the Communities to the European Coal and Steel Community to finance social measures connected with the restructuring of the steel industry  
OJ C 194, 23.7.1988

*Point 2.4.36*

Opinion No 5/88 of the Court of Auditors of the European Communities on a proposal for a Council Regulation (ECSC, EEC, Euratom) on the definitive uniform arrangements for the collection of own resources accruing from value-added tax (VAT)  
OJ C 191, 20.7.1988

## 3. Infringement procedures

### Initiation of proceedings for failure to implement directives

#### Letters of formal notice

3.3.1. In July and August the Commission sent letters of formal notice for failure to incorporate directives into national law (the Commission not having been informed of national implementing measures) in the following cases:

#### Internal market

First Commission Directive<sup>1</sup> of 25 October 1985 on methods of analysis for edible caseins and caseinates (Denmark, Greece, France, Italy, Netherlands, United Kingdom).

#### Transport

Council Directive<sup>2</sup> of 10 November 1986 amending the Council Directive<sup>3</sup> of 17 February 1975 on

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<sup>1</sup> OJ L 308, 20.11.1985.

<sup>2</sup> OJ L 320, 15.11.1986.

<sup>3</sup> OJ L 48, 22.2.1975.



the establishment of common rules for certain types of combined transport of goods between Member States (Belgium).

#### Environment and consumer protection

Commission Directive of 11 July 1985<sup>1</sup> adapting to technical progress the Council Directive<sup>2</sup> of 19 December 1978 on the approximation of the laws of the Member States relating to the determination of the noise emission of construction plant and equipment (Ireland).

#### Reasoned opinions

3.3.2. The Commission delivered reasoned opinions for failure to inform it of national measures to give effect to the following directives:

#### Internal market

Council Directive of 24 July 1986<sup>3</sup> on the installation, location, operation and identification of the controls of wheeled agricultural or forestry tractors (Greece).

#### Environment and consumer protection

Commission Directive<sup>4</sup> of 22 July 1985 adapting to technical progress the Council Directive<sup>5</sup> of 6 December 1984 on the supervision and control within the European Community of the transfrontier shipment of hazardous waste (Italy).

3.3.3. The Commission also delivered reasoned opinions in the respect of the failure of national implementing measures to comply with the following directives:

#### Environment and consumer protection

Council Directive<sup>6</sup> of 8 December 1975 concerning the quality of bathing water (Italy).

Council Directive<sup>7</sup> of 27 July 1976 on the approximation of the laws of the Member States relating to cosmetic products (France).

<sup>1</sup> OJ L 233, 3.8.1985.

<sup>2</sup> OJ L 33, 8.2.1979.

<sup>3</sup> OJ L 240, 26.8.1986.

<sup>4</sup> OJ L 272, 12.10.1985.

<sup>5</sup> OJ L 326, 13.12.1984.

<sup>6</sup> OJ L 31, 5.2.1976.

<sup>7</sup> OJ L 262, 27.9.1976.

## 4. Statement on the work programme of the Greek Presidency

### Strasbourg, 5 July<sup>1</sup>

3.4.1. '... The task that we are undertaking is a heavy one. The Community is now at a decisive stage in its development. The German Presidency was extremely successful in its work towards European unification and it is now our intention to contribute actively towards creating a single economic and social area which will guarantee and foster free movement of persons, goods and services, businesses and capital, but without ignoring the economic imbalances and social inequalities which could stand in the way of universal enjoyment of the fruits of a genuinely high standard of living.

Our guiding aim is to make full use of the powers given us under the Single European Act and by the

end of our term of office we wish to have progressed as far as is possible on a number of dossiers. We shall work towards the attainment of that goal with a broad mind and in close cooperation with our partners and with the institutions of the Community...

Our efforts in the immediate future must be directed towards carrying unification further, strengthening the identity of Europe, strengthening both economic and social cohesion, and cultivating and highlighting our cultural heritage. In this context, it would not be opportune to take any steps or action towards further enlarging the Community.

<sup>1</sup> Statement to the European Parliament by Mr Papoulias, President-in-Office of the Council, concerning the Greek Presidency.

We must also attempt to redefine Europe's international role, especially in the area of security and disarmament, in the light of the recent positive developments in relations between the two super-powers which are opening up entirely new and promising prospects in international relations. The Community must make a more effective contribution to this process. The recent signing of the Joint Declaration on the establishment of official relations between the European Community and the countries of the Council for Mutual Economic Assistance (Comecon) constitutes an important step in this direction.<sup>1</sup> But our political role and voice must be strengthened and acquire their own colour and identity. The Community must also play a more active role in dealing with the problems of the developing countries and especially problems relating to severe indebtedness...

## Internal development of the Community

Our primary concern is undoubtedly the adoption of the implementing decisions relating to the European Regional Development Fund (ERDF), as provided for in Article 130e of the Single Act, together with the corresponding decisions relating to the European Agricultural Guidance and Guarantee Fund—Guidance Section and to the Social Fund (→ point 1.1.1 *et seq.*). This subject constitutes the sole remaining obstacle to the implementation of the decisions of the European Council regarding the establishment of the preconditions for the successful application of the Single European Act. We hope that with your cooperation we shall speedily complete this procedure so that from 1 January 1989 the new reformed regime for the structural Funds can come into force.

From 1 January 1989, we must also have ready for implementation the general budget of the Community, the first Community budget drawn up on the basis of the new financial rules we agreed on recently.<sup>2</sup> For the preparation of this budget the Presidency will rely on constant, open and smooth cooperation with the Parliament, as the other arm of the financial authority of equal standing with the Council.

In the internal market sector, although we registered significant progress in recent months, we must nevertheless speed up our proceedings in order to meet the deadlines we set which have created such great expectations and interest in the Member States. The Greek Presidency of the Council will aim, in cooperation with the Parliament as provided for in the Single Act, to speed up the work on the establishment of the internal market, especially in the following sectors:

(i) technical barriers (safety of machinery);

(ii) legislation on foodstuffs and plant health and veterinary controls;

(iii) State procurement under public contracts and controls on mergers of credit institutions including the second directive on banks;

(iv) safety and protection of consumers, and the right of residence, which will give practical content to the concept of a citizens' Europe.

In the area of harmonization of indirect taxation we recognize that there are difficulties in the way of progress with the relevant proposals. We will nevertheless try to press ahead with negotiations in order to identify the basic problems and thus enable progress to be made in this vital area.

We will also make systematic efforts to further the body of new policies provided for in the Single Act or which have developed on the basis of the Treaties of the European Communities.

In the transport sector, after the recent agreement on the liberalization of road transport, we will press ahead with proposals for the harmonization of certain rules relating to transport (taxation, social, etc.) and with a series of proposals which will contribute to the further liberalization of transport. We will also aim, in collaboration with the Commission, to resolve the problem of transit as regards transport. We will also make particular efforts to further the new revised transport infrastructure programme. We consider that the existence of an efficient transport infrastructure is a necessary condition for the normal and productive operation of the internal market and also an integral element in the strengthening of economic and social cohesion.

At this point I should like to stress that the Greek Presidency will try to further the new system of financing infrastructure works known as financial engineering.

We must also give priority to the environment sector. I am aware of your sensitivity as regards this sector. The Greek Presidency will spare no efforts to further measures which will contribute to better protection of the environment. It will also lay stress on the environmental problems of the Mediterranean regions and on the adoption of proposals on nuclear matters, reactors and waste, etc.

In the field of research and technology we have recently made substantial progress, but we must intensify our efforts and strengthen our technological base with the adoption of various programmes (Stride, Eclair, AIM, Science, Sprint) together with

<sup>1</sup> Bull. EC 6-1988, point 1.5.1 *et seq.*

<sup>2</sup> Bull. EC 6-1988, point 2.3.4 *et seq.* and point 2.4.11.

the rules for the Joint Research Centre and the new telecommunications rules. Energy policy is also receiving our attention and in particular those aspects connected with the establishment of the internal market.

Some of the above measures are aimed at supporting small and medium-sized undertakings. I want to emphasize the importance of further improving the economic environment in which small and medium-sized undertakings operate so that they can adjust to the demands and realities of the internal market.

I come now to the second main element of the Greek Presidency's work programme, which is the single social area. The single social area is an initiative with a political content. We shall have to give a political message to management and labour through a series of measures which will ensure that they participate in the process of establishing the internal market and also share in the advantages which the market will bring. The promotion of the single social area forms part of the wider attempt to strengthen the cohesion of the Community. Because, of course, efforts to strengthen cohesion cannot stop with the reform of the structural Funds, important as that is.

As Greece has already informed you in the memorandum which was sent to the President of the Parliament, we are intending, in close cooperation with you and the Commission, to promote measures in the following spheres of activity:

- (i) protection, safety and health of workers at the workplace (application of Article 118a of the Single Act);
- (ii) strengthening of the dialogue between management and labour (application of Article 118b of the Single Act);
- (iii) unemployment amongst and vocational training for young people, which is a particularly important subject for the Community;
- (iv) health and social security;
- (v) equal treatment of men and women;
- (vi) education and culture;
- (vii) demographic policy.

With regard more particularly to the application of Article 118a, we shall endeavour to make progress on the framework Directive and on the specific Directives on the protection of workers at the workplace<sup>1</sup> and also the Directives on protection against various harmful substances.

As regards the application of Article 118b (dialogue between management and labour, etc.) we shall attempt to make progress on the proposals (a) on information for and consultation of workers

in undertakings, and (b) on employment contracts with minimum social security provisions for workers and on the strengthening of the dialogue between management and labour on the basis of strategic cooperation for economic development.

In the field of health we shall attempt to make progress on the Directives on the labelling of tobacco products and on the maximum tar content of cigarettes.

In the context of efforts to establish the social area, I would also mention the need:

- (i) to renew Comett II;
- (ii) to promote measures in the field of education and culture;
- (iii) to promote measures concerning the people's Europe;
- (iv) to promote the programme for combating poverty.

In establishing the prior conditions for the single social area it is not intended that any new obstacles should be created for the operation of undertakings. The aim is exactly the opposite. That is, to facilitate the development of undertakings through the 'logic' of social consensus and justice. That justice requires more effective measures to be adopted in the social field to combat unemployment, which continues to be at an unacceptably high level, and to deal with the everyday problems facing the people of Europe.

## External relations

As I have already said, we must as a Community give particular attention and importance in the coming months to the development of external relations, strengthening the Community's role and presence in international relations. The Greek Presidency intends to concentrate a good part of its efforts on the development of the Community's external relations.

The signing of the Joint Declaration establishing official relations between the Community and the Council for Mutual Economic Assistance (Comecon) marks the start of a new phase in the development of the Community's external relations with that group of countries, which are geographically and culturally part of Europe. The Greek Presidency intends to make every effort to ensure that there is an appropriate follow-up to the Declaration by seeing that progress is made in the negotiations for the conclusion of agreements with the individual Comecon countries. At the moment

<sup>1</sup> Bull. EC 2-1988, point 1.2.1 *et seq.*

the negotiations with Hungary are being completed and we hope in the near future to conclude the negotiations with Czechoslovakia. We must also in the near future get discussions moving for the conclusion of a bilateral agreement with the Soviet Union.

The Greek Presidency will also tackle the international trade problems connected with the multilateral negotiations within GATT with a view to the interim review to be conducted in Canada in December. Our aim will be to make progress in the multilateral negotiations while at the same time protecting the Community's legitimate interests. In the agricultural sector in particular we feel that the Community has made an important contribution to the rationalization of international trade with the most recent measures it has adopted (stabilizers), a point which should be borne in mind in the multilateral negotiations. We shall also be conducting relations between the Community and the USA and Japan in the same spirit. Finally, we shall be monitoring the progress of talks between the Community and the EFTA countries.

The Greek Presidency will also start negotiations for renewal of the Lomé Convention which links the Community with the developing countries of Africa, the Caribbean and the Pacific (ACP). We believe that the Community should play a more active role in solving the economic problems of the developing countries by means of positive measures and action, using imagination and creativity.

We shall naturally attach importance to the furtherance of the Community's relations with the countries of the Mediterranean basin and with that in mind we are planning to hold three Association/Cooperation Council meetings—with Algeria, Yugoslavia and Cyprus. In the case of Cyprus, it will also be necessary to renegotiate the Financial Protocol. We shall also devote the necessary attention to the further development of our relations with the Gulf States by initiating the procedure for the second stage of the agreement.

## European political cooperation

There can be no doubt that developments in the area of European political cooperation in the year following adoption of the Single Act have, on balance, been positive.

Consultations between the Twelve continued at all levels and enabled us to achieve a noteworthy degree of cohesion on most of the major international topics which we examined.

The Greek Presidency is fully aware of the responsibility which the Single Act places on

Europe, which should speak with one voice which reflects its common interests and positions. The Presidency therefore intends to make every effort to ensure full application of the Single Act, especially by working out common positions, devising common measures and strengthening the principles of solidarity, mutual agreement and cohesion.

The need for the Europe of the Twelve to have a single and effective voice is particularly acute today when the international political scene shifts so rapidly, when many outdated beliefs and points of reference have been destroyed and when promising horizons are opening up, offering new possibilities.

Greece is taking over the Presidency at a time when a real and fundamental improvement in East-West relations and the creation of the conditions for lasting peace in the world appear to be realistic goals. The Moscow summit brought about a significant improvement in the climate of confidence between the two sides and gave fresh impetus to the process of rapprochement. Europe has always vigorously supported and contributed to this process and it is determined to maintain a substantial role, as confirmed in the statement recently adopted by the Twelve in Luxembourg.<sup>1</sup>

In this framework, the Greek Presidency hopes that it will be possible to develop a systematic and frank dialogue between the Twelve and the Soviet Union, as well as the other East European countries. With the establishment of official relations between the European Economic Community and the Council for Mutual Economic Assistance and its Member States, that dialogue is entering a new phase. At the same time, the important work which is taking place not only in the Soviet Union but also in the other East European countries is being followed with great interest, and it is to be hoped that it will help open up new opportunities for agreement and cooperation in the future. Over and above economic matters, it is in our interest to pursue a wide-ranging exchange of views and to search for solutions to common problems so that we may enter a period of substantial East-West cooperation.

The recent US-Soviet agreement on the abolition of short and medium-range nuclear weapons has to be a first step in this direction and it is an example of what can be achieved when there is the necessary political will. With the help of its partners, the Greek Presidency will aim to strengthen dialogue on arms control and disarmament.

The aims of the Twelve are known: we strongly support the efforts of the United States and the

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<sup>1</sup> Bull. EC 6-1988, point 2.4.2.

Soviet Union to conclude an agreement on halving the number of their strategic nuclear weapons, on rapid and complete abolition of chemical weapons worldwide, with proper verification procedures, and on the creation of a lasting and secure balance of conventional forces in Europe at a lower level.

The creation of confidence-building measures, and verification and transparency in the military sector are also matters which we shall be following closely. The fact that the recent third special session of the United Nations General Assembly on disarmament was not able to adopt a final text should not influence our efforts.

The Vienna Conference on Security and Cooperation in Europe is now in its sixth round which we hope—thanks also to the valuable contribution of the draft concluding document submitted by the neutral and non-aligned States in May—will be the last. The Greek Presidency, in agreement with its partners in political cooperation, will make every effort to see that the concluding document adopted meets the Community's aims.

The Twelve are aiming at a substantial and balanced result which will guarantee human rights and fundamental freedoms as well as human contacts throughout Europe, a result which will ensure better implementation of the commitments entered into by the States involved in this process in the Helsinki Final Act and the Concluding Document of Madrid.

We believe that progress in the human dimension of the CSCE will make a substantial contribution to creating a real climate of confidence and will give East-West relations the stability and continuity which they must have.

A successful outcome of the Vienna Conference will make it possible to accelerate the process of disarmament and to strengthen security and confidence in Europe by means of the equally important conferences which are due to start immediately after Vienna within the framework of the CSCE, i.e. the talks on conventional stability and those on security and confidence-building measures in Europe.

As regards measures to combat international terrorism, the Greek Presidency will continue the efforts being undertaken in the context of European political cooperation to develop further cooperation between the Twelve and to promote the views of the Community in international forums such as the United Nations, the Council of Europe, the CSCE, the ICAO and the IMO.

The positive climate in East-West relations can and must facilitate agreed and just solutions to the major regional crises.

The Twelve welcomed the beginning of the withdrawal of Soviet troops from Afghanistan. Our objective is the creation of a truly independent and non-aligned Afghanistan. In this connection we support the full implementation of the Geneva agreements and international efforts, in particular those undertaken by the United Nations Secretary-General, to consolidate peace in that country and to encourage the formation of a truly representative government which is based on the principle of self-determination and which will enable refugees and displaced persons to return of their own free will to their country in safety and with dignity.

In the Middle East the situation in the occupied territories is critical and is deteriorating further. This is a real tragedy claiming victims daily and without any solution in sight. The Twelve have adopted a clear position on this issue. The present status quo cannot be maintained.

Efforts must be made to put an end to this deplorable situation by means of agreed solutions which will enable a just, comprehensive and lasting peace to be established.

Our views on the principles which should govern the solution of the problem are clear and have been formulated both in the Venice Declaration and in subsequent Community statements. These principles have regard both to the right of all States in the region, including Israel, to live within secure and internationally recognized borders, and to the right of the Palestinian people to self-determination, with all that that implies.

The Twelve warmly support the convening of an international conference, under the aegis of the United Nations, as the appropriate framework for the necessary negotiations between the parties directly concerned. In this spirit, we look favourably upon any efforts aimed at finding a swift political settlement to this dispute.

For their part, the Twelve are ready to play a constructive role in convening an international conference and to make an active contribution to reconciling the positions of the parties concerned as far as possible.

The continuing conflict between Iran and Iraq and the consequent increase in tension in the Gulf are causing us great concern.

The violations of human rights and international conventions concerning armed conflicts and the attacks against merchant shipping in the Gulf, which are manifestly in breach of the basic principle of the freedom of shipping, have given rise to problems of the utmost importance throughout the international community.

The Twelve will continue to support the efforts by the United Nations Secretary-General and by the Security Council to bring this senseless and tragic conflict to an end. Resolution No 598 of the Security Council constitutes a sound basis for this purpose.

At the same time, the Greek Presidency, with the support of the other Member States, will examine the possibility of the Twelve making an additional effort to bring this senseless and tragic conflict to an end and to re-establish peace in the region.

We shall also continue our efforts to find a peaceful solution to the problem of Lebanon, based on independence, sovereignty, unity, territorial integrity and on national reconciliation in that country, in accordance with the Twelve's repeated statements on the matter. We believe that the presidential elections soon to be held in Lebanon will be of decisive importance for the future of that country and must be held in accordance with the existing constitutional system.

The Twelve consider that the Euro-Arab Dialogue constitutes an essential and useful means of communication between Europe and the Arab world and that important results can be achieved for both sides through this Dialogue. The recent meeting at ministerial level between the European and the Arab troikas provided an opportunity for both sides to stress that they are determined to give a new impulse in all fields of cooperation. We hope that it will prove possible in the near future to give a new impulse to the Euro-Arab Dialogue with the resumption of the work of all the institutions operating within this framework, together with all the activities involved.

The Twelve will be equally interested in monitoring the situation in Kampuchea and will support the initiative by the Asean countries and by Prince Sihanouk in the pursuit of a political solution to the problem.

The Greek Presidency also intends to pay particular attention to the problems of southern Africa. We will continue our efforts to achieve the complete abolition, by peaceful means, of the inhuman policy of apartheid and of the destabilizing policy which South Africa is systematically pursuing in the region.

In this context we will keep a watchful eye on the strict implementation of the measures decided by the Twelve in September 1985 and September 1986.<sup>1</sup> The implementation of our positive measures is currently in danger of being thwarted by the new legislation which Pretoria aims to impose. We have said, and we reserve the right to repeat clearly, to the South African authorities that the introduction of such legislation would bring about

a serious deterioration of our relations. We also support the current process aimed at achieving peace in Angola and independence for Namibia on the basis of Resolution 435 of the Security Council.

In Central America we will support, through dialogue with the States of the region, the continuation of the peace processes and we will, as far as possible, contribute to the restoration of peace through respect for the principles of non-interference, pluralist democracy and human rights. The election of a Central American Assembly, which we have committed ourselves to support, will without doubt play a significant role in this process.

I should now like to dwell somewhat longer on a problem of particular importance for the international and European communities, the problem of Cyprus.

The Twelve have shown particular sensitivity to this question since Cyprus is indeed a member of our European family.

It is no accident that Europe, with the position we recently adopted in the Council of Ministers in Luxembourg, and also in the context of European political cooperation and in the European Parliament, has repeatedly spoken out on this question. Unfortunately, however, the situation in Cyprus has remained unchanged for the last 14 years.

Last April the Council of Ministers in Luxembourg adopted a common position whereby the problem of Cyprus also affects the relations between the Community and Turkey.

Within the framework of European political cooperation, the Foreign Ministers of the Community have stated that they do not recognize the pseudo-State of Denktash, but only the Government of the Republic of Cyprus. They moreover support the 'independence, sovereignty, territorial integrity and unity of the Republic of Cyprus'. They want a just and viable solution to the problem of Cyprus to be found through the good offices of the Secretary-General of the United Nations, on the basis of the United Nations resolutions.

The European Parliament too, when it adopted the Coste-Floret resolution on Cyprus by an overwhelming majority, recently demonstrated its full support for the legitimate Government of the Republic of Cyprus and called on the Community to contribute more actively to the search for a just and viable solution to the problem of Cyprus.

The Presidency aims to seek untiringly a solution of the Cypriot problem which will be based on the

<sup>1</sup> Bull. EC 9-1985, point 2.5 1; Bull. EC 9-1986, point 2.4.2.

unity, independence and territorial integrity of the island. We hope that the clearly formulated position of the Community on the problem will assist the search for a solution. The initiation of a political dialogue between the Community and Cyprus will help the process. Cyprus requested this officially on 16 June 1988 and we intend to support its request.

Contacts and dialogue with third countries and regional groups of States, as envisaged by the Single European Act, have always formed an important part of European political cooperation. This evaluation has in recent years been confirmed by the intensification and further development of these contacts. The Greek Presidency aims to strengthen and extend this dialogue. In this context we have planned to conduct political consultations with Japan, China, the Gulf States, the countries of Central America and the countries of the Group of Eight of Rio. We will also, as decided by the Twelve, widen our political contacts with Norway, Austria, Canada and Malta.

It is evident from what I have been saying that the Greek Presidency has to tackle a considerable

number of serious questions. We are ready to meet this challenge with the assistance of all our partners. We too, like the preceding Presidencies, will make full use of the personnel and the facilities of the Secretariat for European political cooperation.

We are assigning an important place, in seeing through the work we have undertaken, to an active, honest and consistent exchange of views with the European Parliament, in the spirit of the Single European Act and the subsequent Ministerial decisions. We have taken note of the report of Mr Planas, which you have adopted, and of the views expressed on this question by Lord Plumb at the recent European Council meeting in Hanover.<sup>1</sup>

The Greek Presidency will, for its part, do its very best to make relations with the European Parliament and proceedings in the context of European political cooperation harmonious and constructive.'

<sup>1</sup> Bull. EC 6-1988, point 1.1.1 *et seq.* and point 3.4.1.

## 5. Eurobarometer

### Public opinion in the European Community — Spring 1988

3.5.1. The latest *Eurobarometer* public opinion survey published by the Commission was conducted between 18 March and 29 April 1988.<sup>1</sup>

The main conclusions to emerge are as follows: almost nine out of 10 Europeans who believe 1992 will make a difference think it is 'a good thing'; nearly six out of 10 who have an opinion want the Community to do more than just create a European internal market; public support for Europe, which levelled off in 1987, has waned, quite appreciably in the Federal Republic of Germany and the United Kingdom, a little less in Ireland and Spain.

There is impressive support in all the Member States for 10 specific objectives of the single market programme, which would enable Community citizens to:

- (i) make payments without complication;

- (ii) take any amount of money with them on visits to other Member States;
- (iii) buy products lawfully marketed elsewhere in the Community;
- (iv) reside anywhere in the Community;
- (v) work anywhere in the Community;
- (vi) open a bank account anywhere in the Community;
- (vii) buy land or property throughout the Community;
- (viii) benefit from harmonized VAT rates;
- (ix) see customs controls eliminated;
- (x) tender for public works contracts in other Community countries.

The six out of 10 Europeans who want to go further agree on a number of major common objec-

<sup>1</sup> *Eurobarometer* No 29 (Brussels, June 1988).

tives, including defence, monetary affairs, foreign policy and, in particular, cooperation with the developing countries, research and development, and protection of the environment.

The dissatisfied continue to press for reform of the common agricultural policy.

Two out of three respondents would like to see a European Government politically responsible to the European Parliament. A majority in favour of European Union exists in all Member States except Denmark and the United Kingdom. The survey also reveals massive support for the idea of a referendum on European union.

## 6. Trade and Competitiveness Act of 1988

### US Omnibus Trade and Competitiveness Act of 1988<sup>1</sup>

#### Provisions of the Act signed by President Reagan on 23 August which are of special interest to the Community

3.6.1. *Section 301* (unfair trade practices) is the main tool for the US Administration to make foreign countries open up their markets to US goods and services either by the threat of or by an actual Section 301 procedure.

Section 301 has been strengthened notably in two ways:

(a) the authority to act has been taken away from the President and given to the US Trade Representative (USTR), although the President keeps broad discretion, and

(b) the so-called 'super 301' foresees the establishment of a report on the main unfair trade practices and the countries involved, on the basis of which the USTR must initiate Section 301 procedures. The first report is due by 30 May 1989.

3.6.2. *Section 201* (escape clause) codifies ITC (International Trade Commission) practices with regard to determining the existence of serious injury by adding factors to be taken into account (e.g. decline in market share and diversion) and by requiring the ITC only to consider domestic production facilities when defining domestic industry. These changes could make affirmative ITC conclusions more likely.

3.6.3. *Anti-dumping and countervailing duty law*: Most of the really objectionable provisions which were discussed during the legislative process were dropped and do not form part of the Act.

The provisions retained on input dumping or on the injury criteria either correspond to what the Community has continuously defended in GATT or amount to a codification of existing US practices. However, the Community continues to object to the definition of domestic agricultural industry.

3.6.4. *Intellectual property*: Section 337 has been modified by deleting the injury requirement for most intellectual property infringements. Special rules have been established for process patents which do not, however, exclude the application of Section 337 and do not limit the exclusion to products directly obtained by the process (which is the standard wording of international conventions).

3.6.5. *Telecommunications*: The Telecommunications Trade Act of 1988 is based on the concepts of sectoral reciprocity and mandatory action. The USTR must establish a list of main foreign countries which maintain barriers to US trade in telecommunications and report to the President. The President must then negotiate with the foreign countries to have these barriers removed.

3.6.6. *Agricultural trade*: Marketing loans would be triggered for wheat, feed grains and soybeans as well as 2 billion dollars for export promotion if the President does not give Congress an assurance at least by mid-February 1990 that significant progress has been made towards an agreement on agricultural trade in the Uruguay Round (unless implementation of these programmes would harm the further negotiations). Funds are being increased both for the targeted export assistance and for the export promotion programme.

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<sup>1</sup> See point 2.2.20.



3.6.7. *Export controls*: The Garn Amendment foresees sanctions against violation of not only US export control rules but also of internationally agreed export control rules (Cocom) wherever they take place, whether they involve a US citizen or not or whether they involve a US product, part or know-how or not (extraterritoriality). An 11-point programme has also been established for improved Cocom cooperation, including improved enforcement of export controls and a reduction of the number of controlled items.

3.6.8. *Barriers reports*: The USTR is requested to establish a series of reports:

- (a) the annual national trade estimate report must be delivered by 30 April 1989;
- (b) on the basis of that an annual report on the main practices and the foreign countries involved must be established;
- (c) a separate report must be made in the area of intellectual property as well as on

(d) telecommunications and

(e) no later than 30 April 1990 the President must establish a report on foreign countries' discrimination against US products and services in government procurements.

3.6.9. *Buy American*: The President shall, no later than 30 April 1990 and annually until 1996, establish a report on the extent to which foreign countries discriminate against US products or services in government procurements. On publication of the report the USTR shall seek consultations with the countries identified in the report to secure compliance with the code or obtain elimination of the discriminatory practice. Sanctions are foreseen if the discriminatory practice is not eliminated.

3.6.10. The Act also foresees the implementation of the US/EC Agreement on pasta and citrus, the Harmonized System and the 1983 Nairobi Protocol to the 1953 Florence Convention on the duty-free import of articles of an educational, scientific or cultural nature.



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